

**EMERY COUNTY**  
**FINANCIAL STATEMENTS**  
**DECEMBER 31, 2005**

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## INDEPENDENT AUDITOR'S REPORT

The Honorable Board of County Commissioners  
Emery County  
Castle Dale, Utah 84513

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Emery County as of and for the year ended December 31, 2005, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Emery County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Castle Valley Special Service District and North Emery Water Users Special Service District, which represents 87 percent and 57 percent, respectively, of the assets and revenues of the component units. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for Castle Valley Special Service District and North Emery Water Users Special Service District is based on the report of the other auditors.

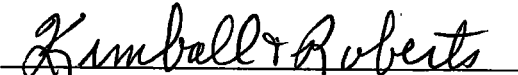
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Emery County as of December 31, 2005, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 22, 2006, on our consideration of Emery County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis, condition assessment of the County's infrastructure and budgetary comparison information on pages 6 through 15, 51 and 52 through 56 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We and the other auditors have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Emery County's basic financial statements. The combining and individual nonmajor fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial evidence supporting the amounts and disclosures in the financial statements. The combining and individual nonmajor fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

  
KIMBALL & ROBERTS, P. C.  
Certified Public Accountants

May 22, 2006  
Richfield, Utah

## MANAGEMENT'S DISCUSSION AND ANALYSIS

This discussion of Emery County's financial performance provides an overview of the County's financial activities for the year ending December 31, 2005. This report is in conjunction with the County's financial statements. **All amounts, unless otherwise indicated, are expressed in thousands of dollars.**

The purpose of the County is to provide general services to its residents which includes general government, public safety, public health, highways and public improvements, park and recreation, and conservation and economic development.

### Financial Highlights

- ♦ The assets of Emery County exceeded its liabilities as of the close of the most recent year by \$33,996 (*net assets*). Of this amount, \$12,478 (*unrestricted net assets*) may be used to meet the government's ongoing obligations to citizens and creditors.
- ♦ The government's total net assets increased by \$1,309. The revenues met or exceeded the adopted budgeted amounts, and expenditures were less than the adopted budgeted amounts.
- ♦ At the close of the current year, the Emery County governmental funds reported combined ending fund balances of \$14,770. Approximately 86 percent of this total amount, \$12,740 is available for spending at the government's discretion (*unreserved fund balance*).
- ♦ At the end of the current year, unreserved fund balance for the general fund was \$5,216, or 59 percent of total general fund expenditures.
- ♦ Emery County's total debt did not increase during the current year. Emery County retired \$260 of debt during the current year.

### Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to Emery County's basic financial statements. Emery County's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

#### Government-wide financial statements

The *government-wide financial statements* are designed to provide readers with a broad overview of Emery County's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of Emery County's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of Emery County is improving or deteriorating.

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of Emery County that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges. The governmental activities of Emery County include general government, public safety, public health, highways and public improvements, parks and recreation, and conservation and economic development.

The government-wide financial statements include not only Emery County itself (known as the primary government), but also five legally separate special service districts, one for recreational activities, one for roads, one for fire protection and two for water and sewer. Financial information for these component units is reported separately from the financial information presented for the primary government itself.

Refer to the table of contents for the location of the government-wide financial statements.

#### **Fund financial statements**

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Emery County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of Emery County can be divided into three categories: governmental funds, and fiduciary funds.

#### **Governmental funds**

*Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on balance of spendable resources available at the end of the year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

Emery County maintains seventeen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, capital replacement fund, B-Road fund, insurance fund and capital projects fund all of which are considered to be major funds. Data from the other twelve governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.

Emery County adopts an annual appropriated budget for all its governmental funds. Budgetary comparison statements have been provided for the general fund and major special revenue funds to demonstrate compliance with those budgets.

Refer to the table of contents for the location of the basic governmental fund financial statements.

#### **Fiduciary funds**

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support Emery County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

Refer to the table of contents for the location of the basic fiduciary fund financial statements.

#### **Notes to the financial statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes are part of the basic financial statements.

#### **Other information**

In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning Emery County.

The combining statements referred to earlier in connection with non-major governmental funds and the enterprise fund is presented immediately following the required supplementary information.

#### **Government-wide financial analysis**

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of Emery County, assets exceeded liabilities by \$33,996 at the close of the most recent fiscal year.



By far the largest portion of Emery County's net assets (57 percent) reflects its investment in capital assets (e.g. land, buildings, machinery, equipment, and infrastructure), less any related debt used to acquire those assets that is still outstanding. Emery County uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although Emery County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

### Emery County's Net Assets

	<u>Governmental Activities</u>	
	<u>2005</u>	<u>2004</u>
Current and other assets	15,264	13,592
Capital assets	26,740	27,168
Total assets	<u>42,004</u>	<u>40,760</u>
Long-term Liabilities outstanding	7,346	7,612
Other liabilities	662	526
Total liabilities	<u>8,008</u>	<u>8,138</u>
Net Assets:		
Invested in capital assets, net of related debt	19,227	19,390
Restricted	2,292	2,063
Unrestricted	12,478	11,169
Total net assets	<u>33,997</u>	<u>32,622</u>

*A portion of Emery County's net assets (7 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (\$12,478) may be used to meet the government's ongoing obligations to citizens and creditors.*

*At the end of the year, Emery County is able to report positive balances in all categories of net assets, both for the government as a whole, as well as for its separate governmental activities.*

#### **Governmental activities**

*Governmental activities increased Emery County's net assets by \$1,374. Key elements of this increase are as follows:*

## ***Emery County's Changes in Net Assets***

### **Governmental Activities**

	<b><u>2005</u></b>	<b><u>2004</u></b>
<b>Revenues:</b>		
<b>Program Revenues:</b>		
Charges for services	1,789	4,717
Operating grants and contributions	5,432	2,410
Capital grants and contributions		
<b>General revenues:</b>		
Property taxes	6,181	6,053
Other taxes	648	572
Grants and contributions not restricted to specific programs	707	696
Unrestricted investment earnings	884	327
Other		
Total revenues	<b><u>15,641</u></b>	<b><u>14,775</u></b>
<b>Expenses:</b>		
General government	3,646	3,463
Public safety	4,674	4,454
Public health	2,701	2,739
Highways and public improvements	1,993	1,942
Parks and Recreation	50	40
Economic Development	331	240
Interest on long-term debt	207	176
Culture & Recreation	665	647
Total expenses	<b><u>14,267</u></b>	<b><u>13,701</u></b>
Increase in net assets before transfers	<b><u>1,374</u></b>	<b><u>1,074</u></b>
Transfers		<b><u>10</u></b>
Increase in net assets	<b><u>1,374</u></b>	<b><u>1,084</u></b>
Net assets – beginning	32,622	31,538
Net assets – ending	<b><u>33,996</u></b>	<b><u>32,622</u></b>

### ***Financial Analysis of the Government's Funds***

*As noted earlier, Emery County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.*

### ***Governmental funds***

*The focus of Emery County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing Emery County's financing requirements. In particular unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the year. At the end of the year, Emery County's governmental funds reported combined ending fund balances of \$14,770. Approximately 86 percent of this amount (\$12,740) constitutes unreserved fund balance, which is available for spending at the government's discretion. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed: 1) to highways and public improvements, (\$922), 2) to economic development revolving loans, (\$404), 3) to bond reserves (\$704) 4) to landfill postclosure costs (\$262).*

*The general fund is the chief operating fund of Emery County. At the end of the current year, unreserved fund balance of the general fund was \$5,216. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance to total fund expenditures. Unreserved fund balance represents 61 percent of total general fund expenditures.*

### ***General Fund Budgetary Highlights***

*Differences between the original budget and the final amended budget of \$1,328 can be briefly summarized as follows:*

- ◆ *\$29 increase in general government*
- ◆ *\$341 increase in public safety.*
- ◆ *\$11 increase in parks and recreation*
- ◆ *\$78 increase in public health.*
- ◆ *\$50 increase in highways and public improvements.*
- ◆ *\$872 increase in non-departmental for transfers to capital improvement fund*
- ◆ *\$53 decrease in conservation and economic development*

*During the year actual revenues were less than budgeted revenues by \$844, and actual expenditures were less than budgeted expenditures by \$837 resulting in a net increase in fund balance of \$7.*

### ***Capital Asset and Debt Administration***

#### ***Capital assets***

*Emery County's investment in capital assets for its governmental activities as of December 31, 2005, amounts to \$26,740 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements other than buildings, equipment, and infrastructure, which includes roads, highways, and bridges. The total decrease in Emery County's investment in capital assets for the current year was \$427.*

*Major capital asset events during the current year included the following:*

- ♦ *Automobiles purchases of \$216.*
- ♦ *Highway and public improvement equipment of \$205.*

*Also, the county has elected to use the modified approach to account for its infrastructure assets, such as roads and bridges. That information can be found in the required supplemental information following the notes to the financial statements.*

***Emery County's Capital Assets***  
***(net of depreciation)***

	<u>Governmental Activities</u>	
	<u>2005</u>	<u>2004</u>
Land	3,058	3,058
Infrastructure	8,942	8,942
Water Shares	56	56
Buildings	12,639	12,961
Improvements other than buildings	218	229
Autos	1,032	1,144
Construction in Progress	0	0
Equipment	795	777
Total	<u>26,740</u>	<u>27,167</u>

*Additional information on Emery's capital assets can be found in the notes to the financial statements.*

***Long-term debt***

*At the end of the current year, Emery had total bonded debt outstanding of \$6,830. The debt represents bonds secured solely by specified revenue sources (i.e. revenue bonds).*

***Emery's Outstanding Debt***

	<u>Governmental Activities</u>	
	<u>2005</u>	<u>2004</u>
Revenue Bonds	6,570	6,830

*Additional information on Emery County's long-term debt can be found in the notes of the financial statements.*

### ***Economic Factors and Next Year's Budgets and Rates***

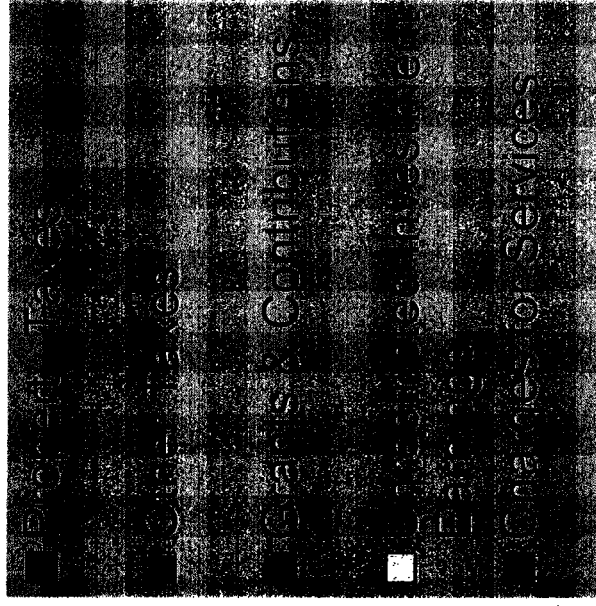
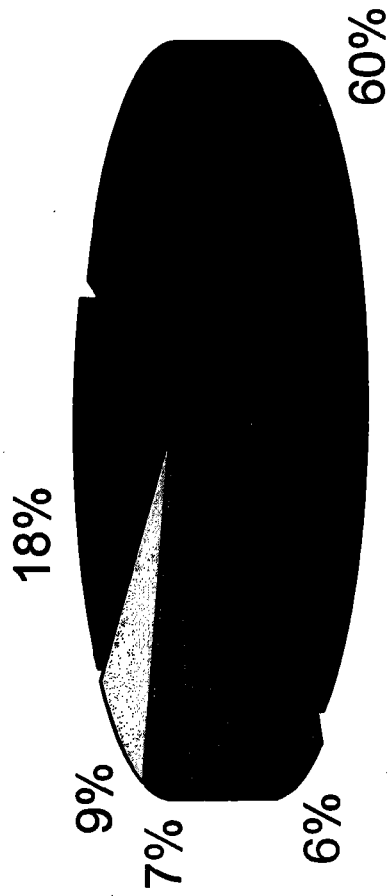
- ♦ *The unemployment rate for Emery County is 4.0 percent which is a decrease from a rate of 7.7 a year ago. This is higher than the state's average unemployment rate of 3.8 percent and lower than the national average rate of 4.9 percent. An increase in coal mining and truck driving jobs has lowered the unemployment rate from a year ago.*
- ♦ *The collection of property taxes in Emery County is a major revenue source. The County is dependent on the operation of two power plants and various coal mines.*

*All of these factors were considered in preparing Emery County's budget for the 2006 year.*

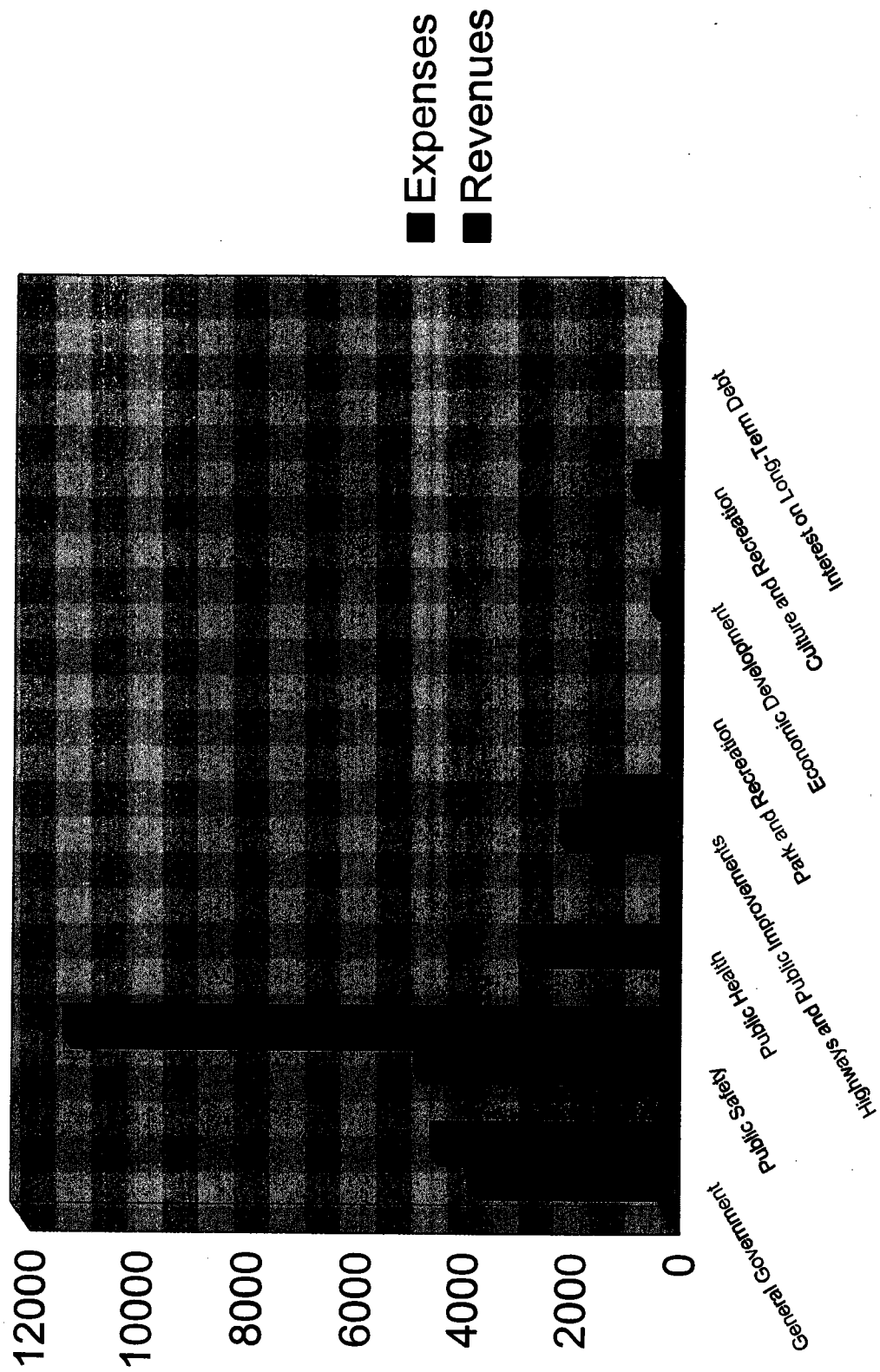
### ***Requests for Information***

*This financial report is designed to provide a general overview of Emery County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Emery County Clerk/Auditor, 95 East Main, Castle Dale, Utah, 84513.*

## Revenue by Source - Government Activities



# Expenses and Program Revenues



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# **BASIC FINANCIAL STATEMENTS**

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**EMERY COUNTY  
STATEMENT OF NET ASSETS**

December 31, 2005

	Primary Government Governmental Activities	Component Units
<b>ASSETS</b>		
<b>Current Assets:</b>		
Cash and Cash Equivalents	14,063,299	4,104,714
Property Taxes Receivable	-	30,054
Notes Receivable	259,443	-
Due From Other Government Units	237,794	52,817
Inventory	-	7,459
Prepaid Expenses	-	20,900
Total Current Assets	<u>14,560,536</u>	<u>4,215,944</u>
<b>Noncurrent Assets:</b>		
Restricted Cash and Cash Equivalents	703,777	1,897,022
Bond Issuance Costs	-	49,542
Capital Assets (Net of Accumulated Depreciation)	<u>26,739,815</u>	<u>23,601,085</u>
Total Noncurrent Assets	<u>27,443,592</u>	<u>25,547,649</u>
<b>TOTAL ASSETS</b>	<u><u>42,004,128</u></u>	<u><u>29,763,593</u></u>
<b>LIABILITIES</b>		
<b>Current Liabilities:</b>		
Accounts Payable	43,722	99,467
Accrued Liabilities	318,873	3,990
Bond and Lease Interest Payable	24,360	100,697
Capital Lease Payable - Due Within One Year	-	73,687
G. O. Bonds Payable - Due Within One Year	-	996,300
Revenue Bonds Payable - Due Within One Year	<u>275,000</u>	<u>142,643</u>
Total Current Liabilities	<u>661,955</u>	<u>1,416,784</u>
<b>Noncurrent Liabilities:</b>		
Landfill Closure and Postclosure Costs	132,000	-
Capital Lease Payable - More Than One Year	-	153,916
G. O. Bonds Payable - More Than One Year	-	6,551,000
Revenue Bonds Payable - More Than One Year	6,295,000	660,505
Deferred Revenue	-	73,332
Compensated Absences	<u>918,903</u>	<u>76,985</u>
Total Noncurrent Liabilities	<u>7,345,903</u>	<u>7,515,738</u>
<b>TOTAL LIABILITIES</b>	<u><u>8,007,858</u></u>	<u><u>8,932,522</u></u>
<b>NET ASSETS</b>		
Investment in Capital Assets, Net of Debt	19,226,552	14,894,894
<b>Restricted For:</b>		
Class B Road	922,060	2,190,648
Landfill Postclosure Costs	261,925	-
General Fund - Water Plant	-	57,831
Revolving Loan Fund	403,508	-
Bond Reserves	703,777	1,288,187
Capital Outlay	-	551,004
Unrestricted	<u>12,478,448</u>	<u>1,848,507</u>
<b>TOTAL NET ASSETS</b>	<u><u>33,996,270</u></u>	<u><u>20,831,071</u></u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>42,004,128</u></u>	<u><u>29,763,593</u></u>

The notes to the financial statements are an integral part of this statement.

**EMERY COUNTY  
STATEMENT OF ACTIVITIES**

**For The Year Ended December 31, 2005**

Function/Programs Primary Government: Governmental Activities:	Program Revenues			Net (Expense) Revenues Changes in Net Assets	
	Expenses	Charges for Services	Operating Grants/ Contributions	Primary Gov't Governmental Activities	Component Units
General Government	3,646,121	1,096,387	3,265,948	716,214	-
Public Safety	4,674,308	594,698	565,809	(3,513,801)	-
Public Health	2,701,279	-	35,833	(2,665,446)	-
Highways and Public Improvements	1,992,835	40,209	1,534,777	(417,849)	-
Park and Recreation	49,958	-	-	(49,958)	-
Economic Development	330,597	46,852	23,762	(259,983)	-
Culture and Recreation	665,073	10,497	5,856	(648,720)	-
Interest on Long-Term Debt	206,508	-	-	(206,508)	-
<b>Total Primary Government</b>	<b>14,266,679</b>	<b>1,788,643</b>	<b>5,431,985</b>	<b>(7,046,051)</b>	<b>-</b>
<b>Component Units:</b>					
Governmental Type:					
Road District	1,716,126	583,813	1,989,333	-	857,020
Recreation District	461,860	92,737	407,809	-	38,686
Fire Protection District	195,697	-	360,189	-	164,492
Castle Valley District	4,335,761	576,533	-	531,932	(3,227,296)
Business Type:					
North Emery Water Users District	285,033	186,129	235,347	-	136,443
<b>Total Component Units</b>	<b>6,994,477</b>	<b>1,439,212</b>	<b>2,992,678</b>	<b>-</b>	<b>(2,030,655)</b>
<b>General Revenues:</b>					
Property Taxes				6,180,940	2,122,694
Fee-In-Lieu of Property Taxes				283,393	-
Sales Taxes				196,077	-
Transient Room Tax				168,931	-
Grants and Contributions Not Restricted to Specific Programs				707,338	533,076
Unrestricted Investment Earnings				883,667	187,366
Other Income				-	299,266
<b>Total General Revenues and Transfers</b>				<b>8,420,346</b>	<b>3,142,402</b>
<b>Change in Net Assets</b>				<b>1,374,295</b>	<b>1,111,747</b>
<b>Net Assets - Beginning</b>				<b>32,621,975</b>	<b>19,719,324</b>
<b>Net Assets - Ending</b>				<b>33,996,270</b>	<b>20,831,071</b>

The notes to the financial statements are an integral part of this statement.

**EMERY COUNTY**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**

For The Year Ended December 31, 2005

<b>ASSETS</b>	<b>General Fund</b>	<b>Class B Roads Fund</b>	<b>Insurance Fund</b>	<b>Capital Replacement</b>	<b>Capital Project Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
Cash and Cash Equivalents	5,666,694	708,352	1,344,411	1,623,118	1,425,436	3,999,065	14,767,076
Due From Other Government Units	-	214,966	-	-	-	22,828	237,794
Notes Receivable	-	-	-	-	-	259,443	259,443
<b>TOTAL ASSETS</b>	<b>5,666,694</b>	<b>923,318</b>	<b>1,344,411</b>	<b>1,623,118</b>	<b>1,425,436</b>	<b>4,281,336</b>	<b>15,264,313</b>
<b>LIABILITIES AND FUND BALANCES</b>							
<b>Liabilities:</b>							
Accounts Payable	37,022	1,258	-	-	-	5,442	43,722
Accrued Liabilities	281,224	-	37,649	-	-	-	318,873
Accrued Landfill Costs	132,000	-	-	-	-	-	132,000
<b>Total Liabilities</b>	<b>450,246</b>	<b>1,258</b>	<b>37,649</b>	<b>-</b>	<b>-</b>	<b>5,442</b>	<b>494,595</b>
<b>Fund Balances:</b>							
Reserved For:							
Class "B" Road	-	922,060	-	-	-	-	922,060
Bond Reserves	-	-	-	-	-	703,777	703,777
Revolving Loan Fund	-	-	-	-	-	403,508	403,508
Unreserved, Reported In:							
General Fund	5,216,448	-	-	-	-	-	5,216,448
Special Revenue Funds	-	-	1,306,762	1,623,118	-	1,258,647	4,188,527
Capital Projects Fund	-	-	-	-	1,425,436	1,909,962	3,335,398
<b>Total Fund Balance</b>	<b>5,216,448</b>	<b>922,060</b>	<b>1,306,762</b>	<b>1,623,118</b>	<b>1,425,436</b>	<b>4,275,894</b>	<b>14,769,718</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>5,666,694</b>	<b>923,318</b>	<b>1,344,411</b>	<b>1,623,118</b>	<b>1,425,436</b>	<b>4,281,336</b>	<b>15,264,313</b>

The notes to the financial statements are an integral part of this statement.

**EMERY COUNTY**  
**BALANCE SHEET RECONCILIATION TO STATEMENT OF NET ASSETS**

**December 31, 2005**

Total Fund Balances - Governmental Fund Types	14,769,718
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Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:

Land	3,058,586
Water Shares	55,500
Buildings	12,638,806
Improvements Other Than Buildings	217,888
Equipment	1,827,035
Infrastructure	<u>8,942,000</u>

Total - Net of Depreciation	26,739,815
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Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds:

Revenue Bonds	(6,570,000)
Compensated Absences	(918,903)
Accrued Interest Payable	<u>(24,360)</u>

Total Long-Term Debt	<u>(7,513,263)</u>
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Net Assets of Government Activities	<u><u>33,996,270</u></u>
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**EMERY COUNTY**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS**  
**For The Year Ended December 31, 2005**

	General Fund	Class B Roads Fund	Insurance Fund	Capital Replacement	Capital Project Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>							
Property Tax	5,563,768	-	-	-	-	617,172	6,180,940
Fee-In-Lieu of Property Tax	283,393	-	-	-	-	-	283,393
Sales Tax	196,077	-	-	-	-	-	196,077
Transient Room Tax	-	-	-	-	-	168,931	168,931
Licenses and Permits	97,605	-	-	-	-	-	97,605
Intergovernmental	1,687,422	1,413,467	1,852,208	-	-	1,186,226	6,139,323
Charges for Services	632,873	-	-	-	-	-	632,873
Fines and Forfeitures	268,020	-	-	-	-	-	268,020
Interest	606,779	27,041	39,136	41,292	51,048	118,371	883,667
Miscellaneous	-	40,209	97,879	-	-	652,057	790,145
<b>Total Revenues</b>	<b>9,335,937</b>	<b>1,480,717</b>	<b>1,989,223</b>	<b>41,292</b>	<b>51,048</b>	<b>2,742,757</b>	<b>15,640,974</b>
<b>Expenditures:</b>							
<b>Current:</b>							
General Government	3,378,865	-	-	205,386	-	-	3,584,251
Public Safety	4,008,650	-	-	-	-	206,849	4,215,499
Public Health	852,753	-	1,723,276	-	-	-	2,576,029
Highways and Public Improvements	267,381	1,532,952	-	-	-	-	1,800,333
Parks and Recreation	41,379	-	-	-	-	-	41,379
Economic Development	-	-	-	-	-	330,597	330,597
Culture and Recreation	-	-	-	-	-	665,073	665,073
Debt Service:							
Principal	-	-	-	-	-	260,000	260,000
Interest	-	-	-	-	-	208,048	208,048
Capital Outlay	327,004	-	-	94,900	-	-	421,904
<b>Total Expenditures</b>	<b>8,876,032</b>	<b>1,532,952</b>	<b>1,723,276</b>	<b>300,286</b>	<b>-</b>	<b>1,670,567</b>	<b>14,103,113</b>
Excess Revenue Over (Under) Expenditures	459,905	(52,235)	265,947	(258,994)	51,048	1,072,190	1,537,861
<b>Other Financing Sources (Uses):</b>							
Transfers In	336,348	-	-	600,000	-	238,279	1,174,627
Transfers Out	(802,960)	-	-	-	-	(371,667)	(1,174,627)
<b>Total Other Financing</b>	<b>(466,612)</b>	<b>-</b>	<b>-</b>	<b>600,000</b>	<b>-</b>	<b>(133,388)</b>	<b>-</b>
<b>Net Change In Fund Balance</b>	<b>(6,707)</b>	<b>(52,235)</b>	<b>265,947</b>	<b>341,006</b>	<b>51,048</b>	<b>938,802</b>	<b>1,537,861</b>
Fund Balance - Beginning	5,223,155	974,295	1,040,815	1,282,112	1,374,388	3,337,092	13,231,857
Fund Balance - Ending	<u>5,216,448</u>	<u>922,060</u>	<u>1,306,762</u>	<u>1,623,118</u>	<u>1,425,436</u>	<u>4,275,894</u>	<u>14,769,718</u>

The notes to the financial statements are an integral part of this statement.

**EMERY COUNTY**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**

**For The Year Ended December 31, 2005**

Amounts reported for governmental activities in the statement of activities are different because:

Net Changes in Fund Balances - Total Governmental Funds	1,537,861
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period:

Capital Outlays	421,904	
Depreciation Expense	<u>(849,539)</u>	
Total		(427,635)

The issuance of long-term debt (e.g., bonds, leases) provide current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. This amount is the net effect of these differences in the treatment of long-term debt and related items:

Principal Payments on Debt	260,000
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:

Reduction in Compensated Absences	2,529	
Reduction in Accrued Interest Payable	<u>1,540</u>	
Total		<u>4,069</u>

Changes In Net Assets of Governmental Activities	<u><u>1,374,295</u></u>
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**EMERY COUNTY  
STATEMENT OF FIDUCIARY NET ASSETS  
AGENCY FUND**

**December 31, 2005**

**ASSETS:**

Cash and Investments	<u>8,503,323</u>
TOTAL ASSETS	<u><u>8,503,323</u></u>

**LIABILITIES:**

Collections Payable	<u>327,400</u>
TOTAL LIABILITIES	<u><u>327,400</u></u>

**FIDUCIARY NET ASSETS:**

Net Assets - Trust Funds	<u>8,175,923</u>
TOTAL FIDUCIARY NET ASSETS	<u><u>8,175,923</u></u>
TOTAL LIABILITIES AND FIDUCIARY NET ASSETS	<u><u>8,503,323</u></u>

**EMERY COUNTY  
NOTES TO FINANCIAL STATEMENTS**

**December 31, 2005**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accompanying basic financial statements of Emery County have been prepared in conformity with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board.

The accompanying basic financial statements present the financial position of various fund types and the results of operations of the various fund types. The basic financial statements are presented for the year ended December 31, 2005.

**A. Reporting Entity:**

For financial reporting purposes, Emery County has included all funds. The County has also considered all potential component units for which it is financially accountable and that exclusion would cause the County's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the County to impose its will on that organization or (2) the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the County.

As required by generally accepted accounting principles, these basic financial statements present Emery County (the primary government) and its component units. The component units are included in the County's reporting entity because of the significance of their operational or financial relationships with the County. Complete financial statements of the individual component units, that issued separate financial statements, can be obtained from the Emery County Auditor's office.

**Discrete Component Units:**

These component units are entities which are legally separate from the County, but are financially accountable to the County or whose relationships with the County are such that exclusion would cause the County's financial statements to be misleading or incomplete. The County must approve their tax rates and debt. The County could also take away their operating authority and could dissolve the District. Each of these districts was organized under the State of Utah's Statute or special service districts, Section 17A-2-1300. The component units column of the combined financial statements include the financial data of the following entities:

- \* Castle Valley Special Service District (Governmental Fund Type) - This Special Service District was organized under the State of Utah's Statute for Special Service Districts by Emery County in 1976. The District has a 10 member board comprised of three (3) members appointed by County Commissioners and seven (7) members who are appointed by the Towns that are encompassed by the District's services. The District provides the following services: Culinary



**EMERY COUNTY**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**December 31, 2005**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

water, sewer, pressurized irrigation, drainage and road improvements and maintenance. The District was audited by other independent auditors, and their report, dated March 10, 2006, has been previously issued under separate cover. A copy of the report can be obtained at the Emery County Auditor's office in Castle Dale, Utah.

- \* Emery County Special Service District #1 (Governmental Fund Type) - This District was created by the adoption of a resolution to establish a special service district by the Emery County Commissioners on November 2, 1988 for the purpose of improving the county road system in Emery County. The Special Service District's Administrative Control Board consists of five (5) members, each of whom was appointed by the Board of Commissioners. The Board of Commissioners appointed the initial two members to serve two year terms and the remaining three members to serve four year terms. The Board members, at their initial meeting, elected a chairperson and a secretary to serve such terms as the board shall determine. The District was audited by us, and the report was dated May 18, 2005, and has been previously issued under separate cover. A copy of the report can be obtained at the Emery County Auditor's office in Castle Dale, Utah.
- \* Emery County Recreation Special Service District (Governmental Fund Type) - This District was created January 8, 1992, by the adoption of a resolution to establish a special service district by the Emery County Commissioners for the purpose of constructing improvements for recreation and to provide recreational facilities for the residents of Emery County. The Special Service District's Administrative Control Board consists of twelve (12) members, nine (9) of which represent the Towns or Cities which belong to the District and three (3) at large members appointed by the Commission. Five members are appointed to a two (2) year term and seven members are appointed to a four (4) year term. The District was audited by us, and the report was dated May 18, 2005, and has been previously issued under separate cover. A copy of the report can be obtained at the Emery County Auditor's office in Castle Dale, Utah.
- \* Emery County Fire Protection Special Service District (Governmental Fund Type) - The District was created January 8, 1992, by the adoption of a resolution to establish a special service district by the Emery County Commissioners for the purpose of the construction of improvements for fire control, public health, and the necessity of providing fire protection to the residents of Emery County. The District's administrative Control Board consists of eleven (11) members, eight (8) of which represent the Towns or Cities which belong to the District and three (3) at large members appointed by the Commission. Five members are appointed to a two (2) year term and six members are appointed to a four (4) year term. The District was audited by us, and the report was dated May 18, 2005, and has been previously issued under separate cover. A copy of the report can be obtained at the office of the Emery County Auditor in Castle Dale, Utah.

**EMERY COUNTY**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**December 31, 2005**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

- \* North Emery Water Users Special Service District (Proprietary Fund Type) - On May 15, 2001, the Board of County Commissioners of Emery County Created by Resolution No. 5-15-01 the North Emery Waters Users Special Service District. The purpose of the District is to receive, through contribution or acquisition, the necessary facilities, appurtenances and equipment to process and distribute culinary water to residents within the District's boundaries. The District was audited by other independent auditors, and their report, dated January 26, 2006, has been previously issued under separate cover. A copy of the report can be obtained at the Emery County Auditor's office in Castle Dale, Utah.

**B. Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., statement of net assets and statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

**C. Measurement Focus, Basis of Accounting and Basis of Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and accrual basis of accounting as are the proprietary fund and the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

**EMERY COUNTY**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**December 31, 2005**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, Emery County considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses and interest associated with the current fiscal period are considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenues items are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental funds:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The B Road Fund receives funding from the State Department of Transportation to be expended on eligible B Roads in the County.

The Insurance Fund accounts for insurance charges to departments and accounts for expenditures for insurance purposes.

The Capital Replacement which accounts for the purchase of major fixed assets.

The Capital Projects Fund accounts for the acquisition of fixed assets or construction of major capital projects not being financed by proprietary or nonexpendable trust funds.

The Government also reports the following Other Governmental Funds:

Revolving Loan Fund, Drug Court, Emergency 911, Narcotics Task Force, Economic Development, San Rafael Museum, Historic Preservation, Library, Transient Room Tax, Flood Control, Industrial Park, Debt Service and Municipal Building Authority. These funds account for revenue sources that are restricted to expenditures for specific purposes.

**EMERY COUNTY**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**December 31, 2005**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

The Government reports the following fund types:

The Treasurer's Tax Collection Agency Fund is used to account for taxes collected by the County Treasurer but not paid as of December 31 to the taxing entities within the County.

The Justice Court Trust Fund which collects fines and bail monies in the Justice Court and remits the monies to the appropriate agencies and parties to the court actions.

The Compensated Absences Trust Fund which accounts for monies held for possible future payments to employees for employee benefits.

The Landfill Assurance Fund which accounts for monies placed in the account to be held for future costs of closing the County landfill.

The Payroll Trust Fund is used to account for payroll liabilities accrued and then paid out to meet payroll obligations.

The County has the General and Library Tax Stability Trust Funds which hold monies set aside to provide stability in case the tax base of the County is reduced dramatically in regards to the two power plants located within the County.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

**D. Assets, Liabilities and Net Assets or Equity**

**Deposits and Investments:**

The government's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

**EMERY COUNTY**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**December 31, 2005**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

State statutes authorize the government to invest in obligations of the U. S. Treasury, commercial paper, corporate bonds, repurchase agreements and the State Treasurer's Investment Pool.

Investments for the government, as well as for its component units, are reported at fair value. The State Treasurer's Investment Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

**Capital Assets:**

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$10,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant and equipment of the primary government, as well as the component units, is depreciated using the straight line method over the following estimated useful lives:

Buildings	40 Years
Improvements Other Than Buildings	20 Years
Equipment	5 Years

**Compensated Absences:**

The County has a policy which allows employees to accumulate vacation pay and sick pay. The County allows 80 hours of vacation pay to be carried over from year to year. The County allows unlimited hours of sick pay to be carried into the next year.

**Long-Term Obligations:**

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net assets.

**EMERY COUNTY**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**December 31, 2005**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

In the fund financial statement, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, if any, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuance are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**Fund Equity:**

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designation of fund balance represent tentative management plans that are subject to change.

**E. Budgets and Budgetary Accounting:**

Annual budgets are prepared and adopted by ordinance by total for each department, in accordance with State law, by the County Auditor and County Commissioners on or before December 15 for the following fiscal year beginning January 1. Estimated revenues and appropriations may be increased or decreased by resolution of the County Commissioners at any time during the year. A public hearing must be held prior to any proposed increase in a fund's appropriations. Budgets include activities in the General Fund. The level of the County's budgetary control (the level at which the County's expenditures cannot legally exceed appropriations) is established at the department level. Each department head is responsible for operating within the budget for their department. All annual budgets lapse at fiscal year end.

Utah State law prohibits the appropriation of unreserved General Fund balance to an amount less than 5% of the General Fund revenues. The 5% reserve that cannot be budgeted is used to provide working capital until tax revenue is received, to meet emergency expenditures, and to cover unanticipated deficits. The maximum in the General Fund may not exceed 50% of the General Fund's total revenue.

Once adopted, the budget may be amended by the County Commissioners without a public hearing provided the budgeted expenditures do not exceed budgeted revenues and appropriated fund balance. A public hearing must be held if the budgeted expenditures will exceed budgeted revenues and any fund balance which is available for budgeting. With the consent of the Commissioners, department heads may reallocate unexpended appropriated balances from one expenditure account to another within that department during the budget year. Budgets for the General Fund are prepared on the modified accrual basis of accounting. Encumbrances are not used.

**EMERY COUNTY**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**December 31, 2005**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**F. Property Taxes:**

Property taxes are assessed and collected for the County by Emery County and remitted to the County shortly after collection. Property taxes become a lien on January 1 and are levied on the first Monday in August. Taxes are due and payable November 1, and are delinquent after November 30. All dates are in the year of levy.

**G. Use of Estimates:**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**NOTE 2 - DEPOSITS AND INVESTMENTS**

The County maintains a cash and investment pool that is available for use by all funds. Each fund types portion of this pool is displayed on the combined balance sheet as "Cash and Cash Equivalents".

**Deposits:**

At December 31, 2005, the carrying amount of Emery County's deposits for the primary government was \$314,197 and the bank balances were \$360,248. Of the bank balances \$260,870 was covered by federal depository insurance. At December 31, 2005, the carrying amount of the component units deposits was \$230,845 and the bank balances were \$416,558. Of the bank balances, \$318,141 was covered by federal depository insurance. The remaining deposits for the primary government were uninsured and uncollateralized and were held by various financial institutions.

**Primary Government:**

Cash and investments as of December 31, 2005, consist of the following:

	<u>Fair Value</u>
Demand Deposits	314,197
Investments - PTIF	22,012,585
Zion's Escrow Accounts	732,838
Repurchase Agreements	<u>210,779</u>
<b>Total Cash and Investments</b>	<u><u>23,270,399</u></u>

**EMERY COUNTY**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**December 31, 2005**

**NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)**

Cash and investments listed above are classified in the accompanying government-wide statement of net assets as follows:

Governmental Activities - Unrestricted	14,063,299
Governmental Activities - Restricted	703,777
Fiduciary Fund	<u>8,503,323</u>
Total Cash and Cash Equivalents	<u><u>23,270,399</u></u>

**Component Units:**

Cash and investments as of December 31, 2005, consist of the following:

	<u>Fair Value</u>
Demand Deposits	230,845
Investments - PTIF	<u>5,770,891</u>
Total Cash and Investments	<u><u>6,001,736</u></u>

Cash and investments listed above are classified in the accompanying government-wide statement of net assets as follows:

Governmental Activities - Unrestricted	4,104,714
Governmental Activities - Restricted	<u>1,897,022</u>
Total Cash and Cash Equivalents	<u><u>6,001,736</u></u>

The Utah Money Management Act (UMMA) established specific requirements regarding deposits of public funds by public treasurers. UMMA requires that County funds be deposited with a qualified depository which includes any depository institution which has been certified by the Utah State Commissioner of Financial Institutions as having met the requirements specified in UMMA Section 51, Chapter 7. UMMA provides the formula for determining the amount of public funds which a qualified depository may hold in order to minimize risk of loss and also defines capital requirements which an Institution must maintain to be eligible to accept public funds. UMMA lists the criteria for investments and specifies the assets which are eligible to be invested in, and for some investments, the amount of time to maturity.



**EMERY COUNTY**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**December 31, 2005**

**NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)**

UMMA enables the State Treasurer to operate the Public Treasurer's Investment Pool (PTIF). PTIF is managed by the Utah State Treasurer's investment staff and comes under the regulatory authority of the Utah Money Management Council. This council is comprised of a select group of financial professionals from units of local and state government and financial institutions doing business in the state. PTIF operations and portfolio composition is monitored at least semi-annually by Utah Money Management Council. PTIF is unrated by any nationally recognized statistical rating organizations.

Deposits in PTIF are not insured or otherwise guaranteed by the State of Utah. Participants share proportionally in any realized gains or losses on investments which are recorded on an amortized cost basis. The balance available for withdrawal is based on the accounting records maintained by PTIF. The fair value of the investment pool is approximately equal to the value of the pool shares.

Deposits and investments for local government are governed by the Utah Money Management Act (Utah Code Annotated, Title 51, Chapter 7, "the Act") and by rules of the Utah Management Council ("the Council"). Following are discussions of the local government's exposure to various risks related to its cash management activities.

**Custodial Credit Risk:**

Deposits - Custodial credit risk for deposits is the risk that in the event of a bank failure, the local government's deposits may not be recovered. The local government's policy for managing custodial credit risk is to adhere to the Money Management Act. The Act requires all deposits of the local government to be in a qualified depository, defined as any financial institution whose deposits are insured by an agency of the federal government and which has been certified by the Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Utah Money Management Council. As of December 31, 2005, \$99,378 of the local government's bank balances of \$360,248 were uninsured and uncollateralized.

**Credit Risk:**

Credit risk is the risk that the counterparty of an investment will not fulfill its obligations. The local government's policy for limiting the credit risk of investments is to comply with the Money Management Act.

**EMERY COUNTY**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**December 31, 2005**

**NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)**

The local government is authorized to invest in the Utah Public Treasurer's Investment Fund (PTIF), an external pooled investment fund managed by the Utah State Treasurer and subject to the Act and Council requirements. The PTIF is not registered with the SEC as an investment company, and deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah. The PTIF operates and reports to participants on an amortized cost basis. The income, gains and losses, net of administration fees, of the PTIF are allocated based upon the participants' average daily balances.

For the year ended December 31, 2005, the local government has investments of \$22,012,585 with the PTIF. The entire balance had a maturity less than one year. The PTIF pool has not been rated.

**Interest Rate Risk:**

Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of an investment. The local government manages its exposure to declines in fair value by investments mainly in the PTIF and by adhering to the Money Management Act. The act requires that the remaining term to maturity of investments may not exceed the period of availability of the funds to be invested.

**Concentration of Credit Risk:**

Concentration of credit risk the risk of loss attributed to the magnitude of a government's investments in a single issuer. PTIF falls under the constraints of UMMA in limiting concentrations of investments.

**NOTE 3 - ECONOMIC DEPENDENCY**

Emery County is dependent on Utah Power and Light Company for 81% of its property tax revenue. Of the tax revenue generated by the County, 89% is from State assessed property. If this revenue source was not available, Emery County would lose the majority of its property tax revenue.

**NOTE 4 - NOTES RECEIVABLE**

The amount of \$259,443 represents amounts due the Economic Development Fund from small business owners who have borrowed money from the revolving loan fund.

**EMERY COUNTY**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**December 31, 2005**

**NOTE 5 - CAPITAL ASSETS**

Capital assets activity for the year ended December 31, 2005, was as follows:

**Capital Assets (Primary Government):**

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<b>Governmental Activities:</b>				
Capital Assets Not Being Depreciated:				
Land	185,186	-	-	185,186
Land Under Roads	2,582,400	-	-	2,582,400
Land - Rights of Way	291,000	-	-	291,000
Water Shares	55,500	-	-	55,500
Infrastructure	<u>8,942,000</u>	<u>-</u>	<u>-</u>	<u>8,942,000</u>
 Total Capital Assets Not Being Depreciated	 <u>12,056,086</u>	 <u>-</u>	 <u>-</u>	 <u>12,056,086</u>
 Capital Assets Being Depreciated:				
Buildings	14,446,387	-	-	14,446,387
Imprv. Other Than Bldgs	321,706	-	-	321,706
Auto	3,314,953	216,446	48,406	3,482,993
Equipment	<u>4,837,211</u>	<u>205,458</u>	<u>-</u>	<u>5,042,669</u>
 Total Capital Assets Being Depreciated	 <u>22,920,257</u>	 <u>421,904</u>	 <u>48,406</u>	 <u>23,293,755</u>
 Less Accumulated Depreciation For:				
Buildings	1,485,526	322,055	-	1,807,581
Imprv. Other Than Bldgs	92,379	11,439	-	103,818
Auto	2,170,706	328,374	48,406	2,450,674
Equipment	<u>4,060,282</u>	<u>187,671</u>	<u>-</u>	<u>4,247,953</u>
 Total Accumulated Depreciation	 <u>7,808,893</u>	 <u>849,539</u>	 <u>48,406</u>	 <u>8,610,026</u>
 Total Capital Assets Being Depreciated (Net)	 <u>15,111,364</u>	 <u>(427,635)</u>	 <u>-</u>	 <u>14,683,729</u>
 Governmental Activities Capital Assets, Net	 <u>27,167,450</u>	 <u>(427,635)</u>	 <u>-</u>	 <u>26,739,815</u>

**EMERY COUNTY**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

December 31, 2005

**NOTE 5 - CAPITAL ASSETS (CONTINUED)**

Depreciation expense was charged to functions of the Primary Government as follows:

	Governmental Activities
General Government	63,134
Public Safety	460,074
Public Health	125,250
Highways and Public Improvements	192,502
Parks and Recreation	8,579
	<u>849,539</u>
Total Depreciation Expense	<u>849,539</u>

**Component Units:**

Statement of Changes in Capital Assets (Component Units) as of December 31, 2005:

	Beginning Balance	Additions	Deletions	Ending Balance
<b>Governmental Activities:</b>				
Capital Assets Not Being Depreciated:				
Land	218,683	-	-	218,683
Work In Progress	753,618	-	753,618	-
Land	972,301	-	753,618	218,683
Capital Assets Being Depreciated:				
Buildings	447,703	-	-	447,703
Improvements	25,881,079	2,703,638	-	28,584,717
Equipment	3,618,637	441,989	86,765	3,973,861
Total Capital Assets Being Depreciated	29,947,419	3,145,627	86,765	33,006,281
Less Accumulated Depreciation For:				
Buildings	62,568	11,193	-	73,761
Improvements	9,444,380	707,637	-	10,152,017
Equipment	2,702,098	215,673	86,765	2,831,006
Total Accumulated Depreciation	12,209,046	934,503	86,765	13,056,784
Total Capital Assets Being Depreciated (Net)	17,738,373	2,211,124	-	19,949,497
Governmental Activities Capital Assets, Net	18,710,674	2,211,124	753,618	20,168,180

**EMERY COUNTY**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**December 31, 2005**

**NOTE 5 - CAPITAL ASSETS (CONTINUED)**

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<b>Business Type Activities:</b>				
Capital Assets Not Being Depreciated:				
Land	22,507	-	-	22,507
Water Stock	841,302	9,000	-	850,302
Work In Progress	<u>3,665</u>	<u>-</u>	<u>3,665</u>	<u>-</u>
 Total Capital Assets Not Being Depreciated	 <u>867,474</u>	 <u>9,000</u>	 <u>3,665</u>	 <u>872,809</u>
 Capital Assets Being Depreciated:				
Buildings	13,542	-	2,261	11,281
Improvements	3,890,733	120,788	-	4,011,521
Equipment	<u>196,893</u>	<u>48,352</u>	<u>16,338</u>	<u>228,907</u>
 Total Capital Assets Being Depreciated	 <u>4,101,168</u>	 <u>169,140</u>	 <u>18,599</u>	 <u>4,251,709</u>
 Less Accumulated Depreciation For:				
Buildings	13,542	588	5,481	8,649
Improvements	1,430,212	108,989	(23,526)	1,562,727
Equipment	<u>144,313</u>	<u>12,568</u>	<u>36,644</u>	<u>120,237</u>
 Total Accumulated Depreciation	 <u>1,588,067</u>	 <u>122,145</u>	 <u>18,599</u>	 <u>1,691,613</u>
 Total Capital Assets Being Depreciated (Net)	 <u>2,513,101</u>	 <u>46,995</u>	 <u>-</u>	 <u>2,560,096</u>
 Business Type Activities Capital Assets, Net	 <u>3,380,575</u>	 <u>55,995</u>	 <u>3,665</u>	 <u>3,432,905</u>
 Total - Government Wide	 <u><u>22,091,249</u></u>	 <u><u>2,267,119</u></u>	 <u><u>757,283</u></u>	 <u><u>23,601,085</u></u>

**EMERY COUNTY**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

December 31, 2005

**NOTE 6 - PUBLIC SAFETY COMPLEX**

During 2001 the Municipal Building Authority of Emery County issued \$2,250,000 Taxable Lease Revenue Bonds, Series 2001A and \$2,000,000 Lease Revenue Bonds, Series 2001B for the purpose of financing the acquisition and construction of a jail facility and related public safety improvements and to pay costs of issuance of the Series 2001A and 2001B Bonds.

The Series 2001A Bonds were purchased by the State of Utah Community Impact Board at 0% interest and requires 15 yearly payments of \$150,000 beginning in March of 2008. The original issue date was July 27, 2001.

The Series 2001B Bonds were purchased by Wells Fargo Bank with interest at 4.07% and required one payment on August 1, 2003 of \$2,168,821 including interest. The original issue date was July 27, 2001.

The 2001 Project has been leased by the Municipal Building Authority to Emery County under the terms of an annually renewable Master Lease Agreement dated as of July 1, 2001. Under the master lease, the County has agreed to pay the Municipal Building Authority annual base rentals as defined in the lease agreement in consideration of its right to use the 2001 project and for the option to purchase granted in the lease agreement. During 2002 the County refunded the \$2,000,000 bond and issued other bonds in the amount of \$4,850,000 which includes funding for a new court complex.

The funding for the cost of the new Public Safety Complex is as follows:

	<u>Amount</u>
Community Impact Board Bonds	2,250,000
Wells Fargo 2002 Bonds	4,850,000
Wells Fargo 2003 Bonds	162,000
Community Impact Board Grant	<u>413,000</u>
Total	<u><u>7,675,000</u></u>

**NOTE 7 - COMPENSATED ABSENCES**

Compensated absences of Emery County represent accrued vacation and sick pay at December 31, 2005, in the amount of \$918,903.

**EMERY COUNTY**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**December 31, 2005**

**NOTE 8 - LONG-TERM DEBT**

**Lease Revenue Bonds, Series 2001A:**

During 2001 the County issued Lease Revenue Bonds in the amount of \$2,250,000 for the purpose of constructing a new public safety building. The bonds require yearly payments with 0% interest.

The following is a summary of debt service charges to maturity:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2006	-	-	-
2007	-	-	-
2008	150,000	-	150,000
2009	150,000	-	150,000
2010	150,000	-	150,000
2011-2015	750,000	-	750,000
2016-2020	750,000	-	750,000
2021-2025	<u>300,000</u>	<u>-</u>	<u>300,000</u>
Total	<u>2,250,000</u>	<u>-</u>	<u>2,250,000</u>

**Lease Revenue Bonds, Series 2002:**

During the year the County issued Lease Revenue Bonds in the amount of \$4,850,000 for the purpose of constructing a new court complex in conjunction with the new public safety building. The bonds require yearly payments with interest ranging from 3.5% to 5.125%.

The following is a summary of debt service charges to maturity:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2006	275,000	193,985	468,985
2007	280,000	183,573	463,573
2008	140,000	175,173	315,173
2009	145,000	169,473	314,473
2010	150,000	163,573	313,573
2011-2015	860,000	713,809	1,573,809
2016-2020	1,065,000	497,676	1,562,676
2021-2025	<u>1,405,000</u>	<u>105,935</u>	<u>1,510,935</u>
Total	<u>4,320,000</u>	<u>2,203,197</u>	<u>6,523,197</u>

**EMERY COUNTY**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

December 31, 2005

**NOTE 8 - LONG-TERM DEBT (CONTINUED)**  
**Long-Term Debt - Primary Government (Continued):**

The following is a schedule of changes in long-term debt for the Primary Government as of December 31, 2005:

	Date of Issue	Interest Rate	Total Issued	Outstanding December 31,		Outstanding December 31, 2005
				2004	Matured	
<b>Building Authority:</b>						
PCIB Taxable Lease Revenue Bonds	2001	0%	2,250,000	2,250,000	-	2,250,000
Wells Fargo Bank Revenue Bonds	2002	3.5% - 5.125%	4,850,000	4,580,000	260,000	4,320,000
Grand Total			7,100,000	6,830,000	260,000	6,570,000

The following is a summary of all long-term debt service charges to maturity.

	Principal	Interest	Total
2006	275,000	193,985	468,985
2007	280,000	183,573	463,573
2008	290,000	175,173	465,173
2009	295,000	169,473	464,473
2010	300,000	163,573	463,573
2011-2015	1,610,000	713,809	2,323,809
2016-2020	1,815,000	455,651	2,270,651
2021-2025	1,705,000	141,578	1,846,578
	6,570,000	2,196,815	8,766,815



**EMERY COUNTY**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

December 31, 2005

**NOTE 8 - LONG-TERM DEBT (CONTINUED)**  
**Long-Term Debt (Component Units):**

The following is a schedule of changes in Bonds Payable - Governmental (Component Units):

	Balance December 31, 2004	Debt Retirement/ Defeasement	New Issues	Balance December 31, 2005
Water Bonds - 2001	257,792	28,644	-	229,148
Water Bonds - 2004	47,500	4,500	-	43,000
GOB Series 1999A	600,000	300,000	-	300,000
GOB Series 2000A	812,000	194,000	-	618,000
GOB Series 2001A	830,000	200,000	-	630,000
GOB Series 2002	601,000	145,000	-	456,000
GOB Series 2003A	1,000,000	-	-	1,000,000
GOB Series 2003B	2,100,000	30,000	-	2,070,000
GOB Series 2004A	1,273,300	-	-	1,273,300
GOB Series 2005	-	-	1,200,000	1,200,000
CIB Lease Revenue Bond	147,000	21,000	-	126,000
CIB Loan - 1999	249,000	47,000	-	202,000
CIB Loan - 1999	244,000	41,000	-	203,000
<b>GRAND TOTAL</b>	<b>8,161,592</b>	<b>1,011,144</b>	<b>1,200,000</b>	<b>8,350,448</b>

The following is a schedule of Long-Term Debt to maturity:

	Water Bonds 2001	Water Bonds 2004	GOB Series 1999A	GOB Series 2000A	GOB Series 2001A	GOB Series 1999B	GOB Series 2003A
2006	28,643	4,000	300,000	200,000	205,000	148,000	-
2007	28,643	4,000	-	206,000	210,000	151,000	-
2008	28,643	5,000	-	212,000	215,000	157,000	-
2009	28,643	5,000	-	-	-	-	325,000
2010	28,643	5,000	-	-	-	-	335,000
2011-2015	85,933	20,000	-	-	-	-	340,000
	<u>229,148</u>	<u>43,000</u>	<u>300,000</u>	<u>618,000</u>	<u>630,000</u>	<u>456,000</u>	<u>1,000,000</u>
	GOB Series 2003B	GOB Series 2004A	GOB Series 2005	CIB Lease Bond 2001	CIB Loan 1999	CIB Loan 1999	Totals
2006	30,000	113,300	228,000	21,000	48,000	41,000	1,366,943
2007	75,000	116,000	234,000	21,000	50,000	41,000	1,136,643
2008	80,000	119,000	240,000	21,000	51,000	41,000	1,169,643
2009	360,000	123,000	246,000	21,000	53,000	40,000	1,201,643
2010	375,000	126,000	252,000	21,000	-	40,000	1,182,643
2011-2015	1,150,000	676,000	-	21,000	-	-	2,292,933
	<u>2,070,000</u>	<u>1,273,300</u>	<u>1,200,000</u>	<u>126,000</u>	<u>202,000</u>	<u>203,000</u>	<u>8,350,448</u>

**EMERY COUNTY**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**December 31, 2005**

**NOTE 9 - MUNICIPAL SOLID WASTE LANDFILL - CLOSURE AND POSTCLOSURE CARE COST**

State and federal laws and regulations require the County to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the County reports a portion of these closure and postclosure care costs as an expenditure in the general fund each period based on landfill capacity used as of each balance sheet date. The landfill began accepting waste in mid 1995. The annual estimated postclosure care costs were estimated to cost \$12,000 annually. Closure costs have been estimated at \$254,000. An additional 25 percent (\$63,500) could be required for legal fees above the cost estimate for closure. These amounts are based on what it would cost to perform all closure and postclosure care when the landfill is filled to capacity. Actual cost may be higher due to inflation, changes in technology, or changes in regulations. Accrued landfill costs at December 31, 2005, were \$132,000.

The County is required by State and Federal laws and regulations to make annual contributions to a trust to finance closure and postclosure care. The County is in compliance with these requirements, and on October 5, 1994, the Emery County Commissioners passed a resolution to establish a financial assurance trust fund in the amount of \$133,000. The resolution has been acted on and the effective date of the financial assurance mechanism is October 5, 1994. Money deposited in the trust fund will be used exclusively for closure, postclosure care, and corrective action. Interest earned on the fund will be deposited to the Trust Fund. The fund will be evaluated on an annual basis and may be increased as needed by resolution. The balance at year end was \$261,925.

**NOTE 10 - TAX STABILITY AND TRUST FUND**

In July of 1980, the Emery County Commission established an ordinance amending the 1980 budget to establish a Tax Stability and Trust Fund and reduce a department within the General Fund in accordance with Section 17-4-14 of the Utah Code Annotate, 1953. The accumulated amount in the fund at year end was \$7,046,525. There was no activity in trust fund during the current year.

**NOTE 11- LIBRARY TAX STABILITY AND TRUST FUND**

On October 3, 1984, the Emery County Commission adopted an ordinance establishing a Library Tax Stability and Trust Fund in accordance with Section 17-4-14 of the Utah Code Annotated, 1953, as amended. The ordinance authorized the Auditor to transfer \$575,782 from the Library Fund Surplus to the newly created Library Tax Stability and Trust Fund. The balance in the fund at December 31, 2005, was \$725,782. Interest earned on this balance is recorded as revenue in the Library Special Revenue Fund. There was no activity in trust fund during the current year.

**NOTE 12 - HEALTH INSURANCE FUND**

In an effort to reduce health care costs and provide the desired coverage, on July 1, 1989, Emery County elected to partially self insure their health care costs in conjunction with a re-insurance provider. The County is responsible for all health care costs up to \$25,000 per claim. However, the maximum total cost the County could be liable for per year in the aggregate is \$1,538,838.

**EMERY COUNTY**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**December 31, 2005**

**NOTE 12 - HEALTH INSURANCE FUND (CONTINUED)**

The Special Revenue Fund charged the General Fund Departments the same premium for health insurance as the departments were paying previously. All claims are processed through a third party administrator who provides a full accounting of claims activity to the County.

**NOTE 13 - EMERY COUNTY NURSING HOME**

The Emery County Nursing Home is operated by the Emery County Nursing Home, Inc., a non-profit corporation. The governing board is a board of trustees comprised of nine members. The day to day management resides with the Governing Board and Nursing Home Administrator. The County Commission each year budgets amounts to cover certain expenditures of the Nursing Home. The amount of contributions to the Nursing Home during 2005 was \$10,266.

**NOTE 14 - BUILDING ADDITION - EMERY COUNTY NURSING HOME**

During 1997 the Municipal building Authority received a Community Impact Board grant in the amount of \$500,000 for the construction of a building addition to the Emery County Nursing Home. The County general fund contributed to the Building Authority sufficient additional money to complete the project. The Building Authority now leases the building addition to the Nursing Home. The lease requires monthly payments of \$3,500.

**NOTE 15 - EMERY COUNTY ECONOMIC DEVELOPMENT PROGRAM**

As of January 1, 1988, Emery County approved the inclusion of the Emery County Economic Development Program as part of County operations. The operation has been incorporated as a Special Revenue Fund. The purpose of the program is to promote economic development within the County. It will continue to operate with an economic development board composed of various residents of the County under the direction of the County Commission.

**NOTE 16 - CLASS B ROADS**

Following is a schedule of revenues, expenditures and changes in fund balance for Class B Roads:

Fund Balance - Beginning of Year		974,295
Revenues:		
Class B Road Allotments	1,413,467	
Interest	27,041	
Other	<u>40,208</u>	
Total Revenues		1,480,716
Expenditures		<u>(1,532,951)</u>
Fund Balance - End of Year		<u>922,060</u>

**EMERY COUNTY**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**December 31, 2005**

**NOTE 17 - MUNICIPAL BUILDING AUTHORITY**

On March 16, 1994, the County Commissioners organized the Municipal Building Authority to acquire, improve or extend one or more projects and to finance their costs on behalf of the public body that created it and to all other lawful things allowed by law for this type of corporation. The trustees of the Building Authority consists of seven board members, three of which are the duly elected County Commissioners. The Building Authority is treated as a blended component unit for County reporting purposes.

**NOTE 18 - RELATED ORGANIZATION**

Emery County Water Conservancy District (Proprietary Fund Type) - This District operates under a board of trustees form of government and provides the following services: Oversees the management of Joe's Valley Dam and delivery systems that carry industrial, irrigation and municipal water to users. The District is also responsible for monitoring and recording the amount of water delivered to individual users.

Emery County has no financial benefit or burden with the Emery County Water Conservancy District. The County is not liable for any debts incurred by the District.

**NOTE 19 - TRANSFERS**

<u>Description</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General	336,348	802,960
Drug Task Force	46,400	-
San Rafael Museum	57,150	-
Building Authority	-	336,348
Capital Replacement	600,000	-
Economic Development	99,410	-
	<u>1,139,308</u>	<u>1,139,308</u>

**EMERY COUNTY**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**December 31, 2005**

**NOTE 19 - TRANSFERS (CONTINUED)**

Transfers were made for the following purposes:

- \* The General Fund transferred \$46,400 to the Drug Task Force Fund for current operations.
- \* The General Fund transferred \$57,150 to the San Rafael Museum Fund to help fund County promotion.
- \* The General Fund transferred \$99,410 to the Economic Development Fund to help fund County promotion.
- \* The General Fund transferred \$600,000 to the Capital Improvement Fund for capital expenditures.
- \* The Municipal Building Authority transferred \$336,348 to the General Fund for operations.

**NOTE 20 - RISK MANAGEMENT**

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County participates in the Utah Association of Counties Insurance Mutual, a self-funded risk financing pool administered by the Utah Association of Counties. Through the Mutual, the County maintains general liability, errors and omissions, flood, earthquake, newly acquired property, builders risk, unscheduled location, and crime. The Mutual is reinsured through commercial companies to provide the following coverage:

**General Liability:**

\$1,000,000 per occurrence and \$3,000,000 in the aggregate

**Real and Personal Property:**

\$100,000,000 per occurrence, including flood and earthquake, subject to applicable aggregates.

**Automobile:**

\$1,150,000 automobile physical damage; \$1,250,000 automobile liability.

**Public Officials Liability:**

\$1,000,000 per occurrence and \$1,000,000 aggregate per member.

**Roller and Machinery:**

\$50,000,000 limit, \$1,000 deductible.

The Mutual does not provide coverage for all risks and hazards, however, the County has obtained coverage for these risks through other commercial carriers for employee accidental death and dismemberment, workers compensation, and surety bond coverage.

Claims have not exceeded coverage in any of the last three calendar years.

**EMERY COUNTY**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**December 31, 2005**

**NOTE 21 - PENSION PLAN**

**Local Governmental - Cost Sharing:**

**Plan Description:**

Emery County contributes to the Local Governmental Contributory Retirement System, Local Governmental Noncontributory Retirement System and Public Safety Other Division A Noncontributory Retirement System for employers with Social Security coverage, all of which are cost-sharing multiple employer defined benefit pension plans administered by the Utah Retirement Systems (Systems). The Systems provide refunds, retirement benefits, annual cost of living adjustment and death benefits to plan members and beneficiaries in accordance with retirement statutes.

The Systems are established and governed by the respective sections of Chapter 49 of the Utah Code Annotated 1953 as amended. The Utah Retirement Office Act in Chapter 49 provides for the administration of the Utah Retirement Systems and Plans under the direction of the Utah State Retirement Board (Board) whose members are appointed by the Governor. The Systems issue a publicly available financial report that included financial statements and required supplementary information for the Systems and Plans. A copy of the report may be obtained by writing to the Utah Retirement Systems, 540 East 200 South, Salt Lake City, UT 84102 or by calling 1-800-365-8772.

**Funding Policy:**

Plan members are required to contribute a percent of their covered salary (all or part may be paid by the employer) to the system to which they belong; 6.00% to the Contributory Retirement System. Emery County is required to contribute a percent of covered salary to the respective systems, 7.80% to the Contributory, 11.09% to the Noncontributory and 19.34% to the Public Safety Noncontributory Systems. The contribution rates are the actuarially determined rates and are approved by the Board approved by the Board as authorized by Chapter 49.

Emery County contributions to the various systems for the years ending December 31, 2005, 2004 and 2003 respectively were; for the Contributory System, \$27,085.84, \$32,022.41 and \$33,147.77; for the Noncontributory System, \$247,354.99, \$223,859.76 and \$189,893.70; and for the Public Safety Noncontributory, \$244,768.97, \$226,838.78 and \$189,365.00 respectively. The conditions were equal to the required contributions for each year.

**EMERY COUNTY**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**December 31, 2005**

**NOTE 22 - INDIVIDUAL COMPONENT UNIT DISCLOSURES**

Emery County has four component units that are governmental fund types and one component unit that is a proprietary fund type. These component units are described below:

**Governmental Fund Types:**

**Castle Valley Special Service District:**

The District provides the following services in the County: culinary water, pressurized irrigation, sewer, drainage and road improvements and maintenance.

**Emery County Special Service District #1:**

The District's purpose is the improving of the County road system in Emery County.

**Emery County Recreation Special Service District:**

The District was established for the purpose of constructing and improving the recreational facilities for the residents of Emery County.

**Emery County Fire Protection Special Service District:**

The District was created for the purpose of the construction of improvements for fire control, public health, convenience and the necessity of providing fire protection to the residents of Emery County.

**Proprietary Fund Types:**

**North Emery Water Users Special Service District:**

The District was established for the acquisition of the necessary facilities, appurtenances and equipment to process and distribute culinary water to residents within the Districts boundaries.

Condensed financial statements for each of the five discretely presented component units for the year ended December 31, 2005 are as follows:

**EMERY COUNTY**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

December 31, 2005

**NOTE 22 - INDIVIDUAL COMPONENT UNIT DISCLOSURES (CONTINUED)**

Condensed Financial Statements - Discretely Presented Component Units:

**Condensed Statement of Net Assets:**

	Castle Valley Special Service District	Emery County Special Service District #1	Emery County Recreation Special Service District	Emery County Fire Protection Special Service District	North Emery Water Users Special Service District	Total
<b>Assets:</b>						
Current Assets	1,139,270	2,191,015	93,131	428,664	363,864	4,215,944
Noncurrent Assets:						
Restricted Cash	1,787,250	-	16,800	-	92,972	1,897,022
Bond Costs	49,542	-	-	-	-	49,542
Capital Assets (Net)	19,164,656	-	342,900	660,624	3,432,905	23,601,085
<b>Total Assets</b>	<b>22,140,718</b>	<b>2,191,015</b>	<b>452,831</b>	<b>1,089,288</b>	<b>3,889,741</b>	<b>29,763,593</b>
<b>Liabilities:</b>						
Current Liabilities	1,223,171	367	29,349	89,000	74,897	1,416,784
Noncurrent Liabilities:						
Deferred Revenue	-	-	-	-	73,332	73,332
G. O. Bonds Payable	6,551,000	-	-	-	-	6,551,000
Revenue Bonds Payable	-	-	105,000	316,000	239,505	660,505
Capital Lease Payable	153,916	-	-	-	-	153,916
Compensated Absences	76,985	-	-	-	-	76,985
<b>Total Liabilities</b>	<b>8,005,072</b>	<b>367</b>	<b>134,349</b>	<b>405,000</b>	<b>387,734</b>	<b>8,932,522</b>
<b>Net Assets:</b>						
Capital Assets - Net of Related Debt	11,261,613	-	216,900	255,624	3,160,757	14,894,894
Restricted	1,787,250	2,190,648	16,800	-	92,972	4,087,670
Unrestricted	1,086,783	-	84,782	428,664	248,278	1,848,507
<b>Total Net Assets</b>	<b>14,135,646</b>	<b>2,190,648</b>	<b>318,482</b>	<b>684,288</b>	<b>3,502,007</b>	<b>20,831,071</b>
<b>Total Liabilities and Net Assets</b>	<b>22,140,718</b>	<b>2,191,015</b>	<b>452,831</b>	<b>1,089,288</b>	<b>3,889,741</b>	<b>29,763,593</b>



**EMERY COUNTY**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

December 31, 2005

**NOTE 22 - INDIVIDUAL COMPONENT UNIT DISCLOSURES (CONTINUED)**

Condensed Statements of Revenues, Expenditures, and Changes in Fund Net Assets:

**Governmental Activities:**

	Castle Valley Special Service District	Emery County Special Service District #1	Emery County Recreation Special Service District	Emery County Fire Protection Special Service District	Total
Revenues					
Current Expenditures	4,149,790 (4,335,761)	2,636,225 (1,716,126)	504,443 (461,860)	379,481 (195,697)	7,669,939 (6,709,444)
Change in Net Assets	(185,971)	920,099	42,583	183,784	960,495
Net Assets - Beginning	14,321,617	1,270,549	275,899	500,504	16,368,569
Net Assets - Ending	14,135,646	2,190,648	318,482	684,288	17,329,064

**Business-Type Activities:**

	North Emery Water Users Special Service District	Total
Operating Revenue	186,129	186,129
Operating Expenses:		
Depreciation	(122,145)	(122,145)
Other	(162,888)	(162,888)
Operating Income (Loss)	(98,904)	(98,904)
Nonoperating Income (Expense):		
Operating Grants and Intergovernmental	235,347	235,347
Other Income (Expense)	3,859	3,859
Interest Income	10,950	10,950
Total Nonoperating Income (Expense)	250,156	250,156
Change in Net Assets	151,252	151,252
Net Assets - Beginning	3,350,755	3,350,755
Net Assets - Ending	3,502,007	3,502,007

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**REQUIRED SUPPLEMENTARY  
INFORMATION  
"UNAUDITED"**

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**EMERY COUNTY  
CONDITION RATING OF THE COUNTY'S ROAD SYSTEM**

**For The Year Ended December 31, 2005**

Percentage of Lane-Miles in Good or Better Condition:

	<u>2003</u>	<u>2004</u>	<u>2005</u>
Paved	75	78	77
Gravel	85	83	86
Dirt (Native)	75	73	77
Bridges	90	90	90
Overall System	82	81	80

Percentage of Lane-Miles in Substandard Condition:

	<u>2003</u>	<u>2004</u>	<u>2005</u>
Paved	8	6	7
Gravel	5	7	5
Dirt (Native)	15	13	11
Bridges	10	10	10
Overall System	10	9	7

Comparison of Needed-to-Actual Maintenance/Preservation - Roads and Bridges:

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Paved:				
Needed	400,000	500,000	450,000	470,000
Actual	420,000	450,000	425,000	460,000
Gravel:				
Needed	493,580	600,000	550,000	550,000
Actual	518,000	535,000	525,000	540,000
Dirt (Native):				
Needed	440,220	600,000	600,000	520,000
Actual	462,000	580,000	522,000	480,000
Overall System:				
Needed	1,333,800	1,700,000	1,600,000	1,540,000
Actual	1,400,000	1,565,000	1,472,000	1,480,000
Difference	<u>66,200</u>	<u>(135,000)</u>	<u>(128,000)</u>	<u>(60,000)</u>

The condition of road pavement is measured using the American...(AASHTO) pavement management system, which is based on stress factors found in pavement surfaces. The AASHTO pavement management system uses a measurement scale that is based on a condition index ranging from zero for a failed pavement to 100 for a pavement in perfect condition. The condition index is used to classify roads in good condition (70-100), fair condition (50-69), and substandard condition (less than 50). It is the County's policy to maintain at least 80 percent of its paved and gravel road system at a good or better condition level. No more than 20 percent should be in substandard condition for paved and gravel roads. It is also the County's policy to maintain at least 20 percent of its native road system at a good or better condition level. No more than 80 percent should be in substandard condition for native road system. Condition assessments are determined every year.

This schedule only presents the information for 2003, 2004 and 2005. GASB standards require reporting the last three complete condition assessments and needed-to-actual information for 5 years. However, the County implemented these new standards in 2002, and did not collect this information for the prior years. The County will continue to collect and retain this information so that over a period of five years it will be able to report the required information.

The condition of the County's bridges is determined using its Bridge Management and Inspection Program (BMIP). The bridge condition rating, which is a weighted average of an assessment of the ability of individual components to function structurally, uses a numerical condition scale ranging from 1.0 (impaired or load restricted) to 7.0 (new). It is the County's policy to keep the number and square footage of deck area of bridges with a condition rating of 1.0 to 1.9 below 1 percent. All bridges are inspected every two years.

**EMERY COUNTY  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND**

**For The Year Ended December 31, 2005**

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis) (See Note A)</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary Fund Balance, January 1	5,223,155	5,223,155	5,223,155	-
Resources (Inflows):				
Property Taxes	5,430,000	5,757,800	5,847,161	89,361
Sales Taxes	150,000	158,390	196,077	37,687
Licenses and Permits	73,200	103,200	97,605	(5,595)
Intergovernmental Revenue	1,765,500	1,945,500	1,687,422	(258,078)
Charges for Services	504,500	598,200	632,873	34,673
Fines and Forfeitures	404,000	304,000	268,020	(35,980)
Miscellaneous Revenue	376,000	512,300	606,779	94,479
Transfers In	484,360	1,136,400	336,348	(800,052)
Amounts Available for Appropriation	<u>14,410,715</u>	<u>15,738,945</u>	<u>14,895,440</u>	<u>(843,505)</u>
Charges to Appropriations (Outflows):				
General Government:				
Commission	242,400	247,950	239,689	8,261
J. P. Court	281,300	291,400	289,488	1,912
Public Defender	78,400	100,400	97,826	2,574
Special Counsel	29,000	29,000	18,984	10,016
Law Library	3,500	4,600	4,574	26
Data Processing	286,800	247,200	231,815	15,385
Clerk-Auditor	223,500	208,400	203,364	5,036
Treasurer	161,000	150,000	146,211	3,789
Recorder	166,000	152,550	150,002	2,548
Attorney	407,400	423,400	420,303	3,097
Assessor	244,800	235,950	230,321	5,629
Surveyor	10,000	10,000	10,000	-
Vehicle Registration	49,500	50,200	49,660	540
Senior Citizen	222,780	222,780	222,780	-
Courthouse	108,100	117,600	114,781	2,819
Elections	1,500	1,500	274	1,226
Planning and Zoning	166,800	156,500	151,980	4,520
Public Lands	91,250	94,470	91,471	2,999
Fair	46,500	67,670	65,199	2,471
Extension Service	53,300	57,100	55,143	1,957
Workers Compensation	65,000	65,000	51,293	13,707
County Insurance	159,600	160,100	160,031	69
Non-Departmental	157,269	162,229	138,531	23,698
Airport	20,500	9,500	3,539	5,961
Dues and Contributions	153,300	153,300	116,470	36,830
Audit	18,000	18,000	18,000	-
Personnel Director	61,700	101,250	97,137	4,113
Total General Government	<u>3,509,199</u>	<u>3,538,049</u>	<u>3,378,866</u>	<u>159,183</u>

**EMERY COUNTY  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND**

**For The Year Ended December 31, 2005**

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis) (See Note A)</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Charges to Appropriations (Outflows) Continued:</b>				
<b>Public Safety:</b>				
Sheriff	2,034,400	2,174,000	2,137,566	36,434
Traffic Enforcement	120,500	119,500	117,656	1,844
Wildland Fire	13,523	13,523	7,478	6,045
Corrections	578,000	584,000	572,498	11,502
Detention	95,500	95,500	94,550	950
Communications	418,500	602,400	455,673	146,727
Animal Control	21,100	24,700	22,758	1,942
Homeland Security	434,500	443,500	257,227	186,273
Lease Payment	463,350	463,350	463,348	2
<b>Total Public Safety</b>	<b>4,179,373</b>	<b>4,520,473</b>	<b>4,128,754</b>	<b>391,719</b>
<b>Public Health:</b>				
Mosquito Control	131,425	146,775	132,557	14,218
Health Services	78,455	78,455	78,455	-
Mental Health	58,758	58,758	58,758	-
Ambulance	389,300	433,400	401,831	31,569
Landfill	163,700	178,850	176,079	2,771
Weed Control	113,120	116,870	114,080	2,790
Poor and Indigent	3,000	3,100	2,992	108
<b>Total Public Health</b>	<b>937,758</b>	<b>1,016,208</b>	<b>964,752</b>	<b>51,456</b>
<b>Highway and Public Improvements:</b>				
County Roads	339,000	389,100	362,281	26,819
<b>Parks and Recreation:</b>				
Television	38,200	49,000	41,379	7,621
<b>Conservation and Economic Development:</b>				
San Rafael Museum	52,620	-	-	-
<b>Transfers Out</b>	<b>131,410</b>	<b>1,002,960</b>	<b>802,960</b>	<b>200,000</b>
<b>Total Charges to Appropriations</b>	<b>9,187,560</b>	<b>10,515,790</b>	<b>9,678,992</b>	<b>836,798</b>
<b>Budgetary Fund Balance - December 31</b>	<b>5,223,155</b>	<b>5,223,155</b>	<b>5,216,448</b>	<b>(6,707)</b>

**EMERY COUNTY  
BUDGETARY COMPARISON SCHEDULE  
CLASS B ROAD**

**For The Year Ended December 31, 2005**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u> (Budgetary Basis) (See Note A)	Variance With Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Budgetary Fund Balance, January 1	974,295	974,295	974,295	-
Resources (Inflows):				
Intergovernmental	1,420,000	1,420,000	1,413,467	(6,533)
Interest	15,000	22,000	27,041	5,041
Reimbursements	41,000	41,000	37,146	(3,854)
Miscellaneous	15,000	8,000	3,063	(4,937)
Use of Surplus	<u>49,350</u>	<u>80,950</u>	<u>-</u>	<u>(80,950)</u>
Amounts Available for Appropriation	<u>2,514,645</u>	<u>2,546,245</u>	<u>2,455,012</u>	<u>(91,233)</u>
Charges to Appropriations (Outflows):				
County Roads	<u>1,540,350</u>	<u>1,571,950</u>	<u>1,532,952</u>	<u>38,998</u>
Total Charges to Appropriations	<u>1,540,350</u>	<u>1,571,950</u>	<u>1,532,952</u>	<u>38,998</u>
Budgetary Fund Balance - December 31	<u>974,295</u>	<u>974,295</u>	<u>922,060</u>	<u>(52,235)</u>

**EMERY COUNTY  
BUDGETARY COMPARISON SCHEDULE  
INSURANCE FUND**

**For The Year Ended December 31, 2005**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u> <u>(Budgetary Basis)</u> <u>(See Note A)</u>	<u>Variance With</u> <u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary Fund Balance, January 1	1,040,815	1,040,815	1,040,815	-
Resources (Inflows):				
Intergovernmental	1,800,000	1,891,000	1,852,208	(38,792)
Interest Revenue	-	32,000	39,136	7,136
Miscellaneous	-	77,000	97,880	20,880
Amounts Available for Appropriation	<u>2,840,815</u>	<u>3,040,815</u>	<u>3,030,039</u>	<u>(10,776)</u>
Charges to Appropriations (Outflows):				
Public Health	<u>1,800,000</u>	<u>2,000,000</u>	<u>1,723,276</u>	<u>276,724</u>
Total Charges to Appropriations	<u>1,800,000</u>	<u>2,000,000</u>	<u>1,723,276</u>	<u>276,724</u>
Budgetary Fund Balance - December 31	<u>1,040,815</u>	<u>1,040,815</u>	<u>1,306,763</u>	<u>265,948</u>

**EMERY COUNTY  
NOTE A  
BUDGETARY COMPARISON SCHEDULE  
BUDGET-TO-GAAP RECONCILIATION**

**For The Year Ended December 31, 2005**

	<u>General Fund</u>	<u>Class B Road</u>	<u>Insurance Fund</u>
<b>Sources/Inflows and Resources:</b>			
Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedules.	14,895,440	2,455,012	3,030,038
<b>Differences - Budget to GAAP:</b>			
The fund balance at the beginning of the year is a budgetary resource but is not a current-year revenue for financial reporting purposes.	(5,223,155)	(974,295)	(1,040,815)
Transfers from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes.	(336,348)	-	-
Bond proceeds are inflows of budgetary resources but are not revenues for financial reporting purposes but are other financing sources.	-	-	-
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	<u>9,335,937</u>	<u>1,480,717</u>	<u>1,989,223</u>
<b>Uses/Outflows of Resources:</b>			
Actual amounts (budgetary Basis "total charges to appropriations" from the budgetary comparison schedules.	9,678,992	1,532,952	1,723,276
<b>Differences - Budget to GAAP:</b>			
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes.	(802,960)	-	-
Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	<u>8,876,032</u>	<u>1,532,952</u>	<u>1,723,276</u>



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is used to assist in formatting, for easier reading)

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**COMBINING FINANCIAL  
STATEMENTS AND SCHEDULES**

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**EMERY COUNTY**  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**ALL TRUST AND AGENCY FUNDS**

For The Year Ended December 31, 2005

	Balance December 31, 2004	Additions	Deletions	Balance December 31, 2005
<b><u>PROPERTY TAX FUND</u></b>				
<b>ASSETS</b>				
Cash	<u>180,561</u>	<u>18,130,606</u>	<u>18,130,774</u>	<u>180,393</u>
<b>LIABILITIES</b>				
Collections Payable	<u>180,561</u>	<u>18,130,606</u>	<u>18,130,774</u>	<u>180,393</u>
<b><u>GENERAL TAX STABILITY AND TRUST FUND</u></b>				
<b>ASSETS</b>				
Cash	<u>7,046,525</u>	<u>-</u>	<u>-</u>	<u>7,046,525</u>
<b>FUND BALANCE</b>				
Fund Balance	<u>7,046,525</u>	<u>-</u>	<u>-</u>	<u>7,046,525</u>
<b><u>COMPENSATED ABSENCES TRUST FUND</u></b>				
<b>ASSETS</b>				
Cash	<u>136,618</u>	<u>5,074</u>	<u>-</u>	<u>141,692</u>
<b>FUND BALANCE</b>				
Fund Balance	<u>136,618</u>	<u>5,074</u>	<u>-</u>	<u>141,692</u>
<b><u>LIBRARY TAX STABILITY AND TRUST FUND</u></b>				
<b>ASSETS</b>				
Cash	<u>725,782</u>	<u>-</u>	<u>-</u>	<u>725,782</u>
<b>FUND BALANCE</b>				
Fund Balance	<u>725,782</u>	<u>-</u>	<u>-</u>	<u>725,782</u>
<b><u>JUSTICE COURT FUND</u></b>				
<b>ASSETS</b>				
Cash	<u>108,489</u>	<u>150,712</u>	<u>112,194</u>	<u>147,007</u>
<b>LIABILITIES</b>				
Collections Payable	<u>108,489</u>	<u>150,712</u>	<u>112,194</u>	<u>147,007</u>

(Continued)

**EMERY COUNTY**  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**ALL TRUST AND AGENCY FUNDS**

For The Year Ended December 31, 2005

	Balance December 31, 2004	Additions	Deletions	Balance December 31, 2005
<b>PAYROLL TRUST FUND</b>				
<b>ASSETS</b>				
Cash	-	1,481,288	1,481,288	-
<b>FUND BALANCE</b>				
Fund Balance	-	1,481,288	1,481,288	-
<b>LANDFILL ASSURANCE FUND</b>				
<b>ASSETS</b>				
Cash	253,420	8,504	-	261,924
<b>FUND BALANCE</b>				
Fund Balance	253,420	8,504	-	261,924
<b>TOTALS - ALL AGENCY FUNDS</b>				
<b>ASSETS</b>				
Cash	8,451,395	19,776,184	19,724,256	8,503,323
<b>TOTAL ASSETS</b>	8,451,395	19,776,184	19,724,256	8,503,323
<b>LIABILITIES</b>				
Collections Payable	289,050	18,281,318	18,242,968	327,400
<b>FUND BALANCE</b>				
Fund Balance	8,162,345	1,494,866	1,481,288	8,175,923
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	8,451,395	19,776,184	19,724,256	8,503,323

**EMERY COUNTY  
NONMAJOR GOVERNMENTAL FUNDS  
GOVERNMENTAL FUNDS**

**For The Year Ended December 31, 2005**

**Descriptions of Non-Major Governmental Funds:**

Special Revenue Funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

**Revolving Loan Fund**

This fund is used to loan monies to qualifying businesses for economic development purposes. The fund also records payment of principal and interest on the loans.

**Drug Court Fund:**

This fund is used to account for monies used in administering the drug court program.

**E-911 Fund:**

This fund is used to account for monies collected on telephone bills for providing 911 emergency services in the County.

**Narcotics Task Force Fund:**

This fund is used to account for the activities of the narcotics task force in the County. These funds are restricted for providing law enforcement activities regarding illegal drug use in the County.

**Economic Development Fund:**

This fund accounts for the monies received and expenditures relating to promotion of Emery County.

**San Rafael Museum Fund:**

This fund is used to account for the activity in the San Rafael Museum.

**Historic Preservation Fund:**

This fund is used to account for the cost of documenting the history of Emery County

**EMERY COUNTY  
NONMAJOR GOVERNMENTAL FUNDS  
GOVERNMENTAL FUNDS**

**For The Year Ended December 31, 2005**

**Library Fund:**

This fund accounts for tax monies received from property taxes to fund the costs of maintaining the eight County libraries.

**Transient Room Tax Fund:**

This fund is used to account for room taxes collected within the County to fund the economic development activities of the County.

**Flood Control Fund:**

This fund is used to offset the cost of floods in Emery County.

**Industrial Park:**

This fund is used to account for monies received and expended associated with land sales within the industrial park.

**Debt Service Fund:**

This fund accounts for monies received for the payment of debt incurred by the County for capital improvement projects.

**Municipal Building Authority:**

The Municipal Building Authority borrows funds for capital outlay puposes and then leases these facilities to the County and uses the revenues to make the debt service payments.

**EMERY COUNTY  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS**

December 31, 2005

	<u>Revolving Loan Fund</u>	<u>Drug Court</u>	<u>E-911</u>	<u>Narcotics Task Force</u>	<u>Economic Development</u>	<u>San Rafael Museum</u>
<b>ASSETS</b>						
Cash	-	(3,975)	140,873	3,869	37,336	33,423
Restricted Cash - Bond Reserves	-	-	-	-	-	-
Restricted Cash - Loan Funds	144,065	-	-	-	-	-
Due from Other Government Units	-	18,278	-	-	-	-
Notes Receivable	<u>259,443</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL ASSETS</b>	<u><u>403,508</u></u>	<u><u>14,303</u></u>	<u><u>140,873</u></u>	<u><u>3,869</u></u>	<u><u>37,336</u></u>	<u><u>33,423</u></u>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>Liabilities:</b>						
Accounts Payable	<u>-</u>	<u>-</u>	<u>77</u>	<u>42</u>	<u>14</u>	<u>223</u>
<b>Total Liabilities</b>	<u>-</u>	<u>-</u>	<u>77</u>	<u>42</u>	<u>14</u>	<u>223</u>
<b>Fund Balances:</b>						
Reserved, Reported in:						
Special Revenue Funds	403,508	-	-	-	-	-
Unreserved, Reported in:						
Debt Service Fund	-	-	-	-	-	-
Capital Improvement Funds	-	-	-	-	-	-
Special Revenue Funds	<u>-</u>	<u>14,303</u>	<u>140,796</u>	<u>3,827</u>	<u>37,322</u>	<u>33,200</u>
<b>Total Fund Balances</b>	<u><u>403,508</u></u>	<u><u>14,303</u></u>	<u><u>140,796</u></u>	<u><u>3,827</u></u>	<u><u>37,322</u></u>	<u><u>33,200</u></u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u><u>403,508</u></u>	<u><u>14,303</u></u>	<u><u>140,873</u></u>	<u><u>3,869</u></u>	<u><u>37,336</u></u>	<u><u>33,423</u></u>

<u>Historic Preservation</u>	<u>Library</u>	<u>Transient Room Tax</u>	<u>Flood Control</u>	<u>Industrial Park</u>	<u>Debt Service</u>	<u>Municipal Building Authority</u>	<u>Total Nonmajor Government Funds</u>
(4,537)	290,724	191,117	525,702	26,729	-	1,909,962	3,151,223
-	-	-	-	-	703,777	-	703,777
-	-	-	-	-	-	-	144,065
4,550	-	-	-	-	-	-	22,828
-	-	-	-	-	-	-	259,443
<u>13</u>	<u>290,724</u>	<u>191,117</u>	<u>525,702</u>	<u>26,729</u>	<u>703,777</u>	<u>1,909,962</u>	<u>4,281,336</u>
-	5,086	-	-	-	-	-	5,442
-	5,086	-	-	-	-	-	5,442
-	-	-	-	-	-	-	403,508
-	-	-	-	-	703,777	-	703,777
-	-	-	-	-	-	1,909,962	1,909,962
13	285,638	191,117	525,702	26,729	-	-	1,258,647
13	285,638	191,117	525,702	26,729	703,777	1,909,962	4,275,894
<u>13</u>	<u>290,724</u>	<u>191,117</u>	<u>525,702</u>	<u>26,729</u>	<u>703,777</u>	<u>1,909,962</u>	<u>4,281,336</u>



**EMERY COUNTY**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**

For The Year Ended December 31, 2005

	<u>Revolving Loan Fund</u>	<u>Drug Court</u>	<u>E-911</u>	<u>Narcotics Task Force</u>	<u>Economic Development</u>	<u>San Rafael Museum</u>
<b>Revenues:</b>						
Property Taxes	-	-	-	-	-	-
Transient Room Tax	-	-	-	-	-	-
Intergovernmental Revenue	-	68,900	-	39,003	15,476	29,221
Interest	16,417	-	4,157	24	302	-
Miscellaneous	<u>17,819</u>	<u>-</u>	<u>62,217</u>	<u>-</u>	<u>10</u>	<u>27,350</u>
Total Revenues	<u>34,236</u>	<u>68,900</u>	<u>66,374</u>	<u>39,027</u>	<u>15,788</u>	<u>56,571</u>
<b>Expenditures:</b>						
Current:						
Public Safety	-	65,547	9,941	96,004	-	-
County Promotion	14,982	-	-	-	113,166	80,521
Culture and Education	-	-	-	-	-	-
Debt Service:						
Principal	-	-	-	-	-	-
Interest	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>14,982</u>	<u>65,547</u>	<u>9,941</u>	<u>96,004</u>	<u>113,166</u>	<u>80,521</u>
Excess of Revenues Over (Under) Expenditures	<u>19,254</u>	<u>3,353</u>	<u>56,433</u>	<u>(56,977)</u>	<u>(97,378)</u>	<u>(23,950)</u>
Other Financing Sources (Uses):						
Transfers In	-	-	-	46,400	99,410	57,150
Transfers Out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses):	<u>-</u>	<u>-</u>	<u>-</u>	<u>46,400</u>	<u>99,410</u>	<u>57,150</u>
Net Change In Fund Balance	19,254	3,353	56,433	(10,577)	2,032	33,200
Fund Balance - Beginning	<u>384,254</u>	<u>10,950</u>	<u>84,363</u>	<u>14,404</u>	<u>35,290</u>	<u>-</u>
Fund Balance - Ending	<u><u>403,508</u></u>	<u><u>14,303</u></u>	<u><u>140,796</u></u>	<u><u>3,827</u></u>	<u><u>37,322</u></u>	<u><u>33,200</u></u>

<u>Historic Preservation</u>	<u>Library</u>	<u>Transient Room Tax</u>	<u>Flood Control</u>	<u>Industrial Park</u>	<u>Debt Service</u>	<u>Municipal Building Authority</u>	<u>Nonmajor Government Funds</u>
-	617,172	-	-	-	-	-	617,172
-	-	168,931	-	-	-	-	168,931
2,625	5,856	-	-	-	-	1,025,145	1,186,226
-	26,618	-	-	1,069	22,248	47,536	118,371
1,683	10,497	-	-	-	-	532,481	652,057
<u>4,308</u>	<u>660,143</u>	<u>168,931</u>	<u>-</u>	<u>1,069</u>	<u>22,248</u>	<u>1,605,162</u>	<u>2,742,757</u>
-	-	-	-	-	-	35,357	206,849
-	-	106,197	-	15,731	-	-	330,597
4,295	660,778	-	-	-	-	-	665,073
-	-	-	-	-	-	260,000	260,000
-	-	-	-	-	-	208,048	208,048
<u>4,295</u>	<u>660,778</u>	<u>106,197</u>	<u>-</u>	<u>15,731</u>	<u>-</u>	<u>503,405</u>	<u>1,670,567</u>
<u>13</u>	<u>(635)</u>	<u>62,734</u>	<u>-</u>	<u>(14,662)</u>	<u>22,248</u>	<u>1,101,757</u>	<u>1,072,190</u>
-	-	-	-	-	-	35,319	238,279
-	-	-	-	-	(35,319)	(336,348)	(371,667)
-	-	-	-	-	(35,319)	(301,029)	(133,388)
13	(635)	62,734	-	(14,662)	(13,071)	800,728	938,802
-	286,273	128,383	525,702	41,391	716,848	1,109,234	3,337,092
<u>13</u>	<u>285,638</u>	<u>191,117</u>	<u>525,702</u>	<u>26,729</u>	<u>703,777</u>	<u>1,909,962</u>	<u>4,275,894</u>

**EMERY COUNTY  
TREASURER'S TAX COLLECTION TRUST FUND  
BALANCE SHEET**

**December 31, 2005**

**ASSETS:**

Cash In Investment Accounts	180,393
Taxes Receivable	<u>160</u>
<b>TOTAL ASSETS</b>	<b><u><u>180,553</u></u></b>

**LIABILITIES:**

Collections Payable	<u>180,553</u>
<b>TOTAL LIABILITIES</b>	<b><u><u>180,553</u></u></b>

**EMERY COUNTY  
COUNTY TREASURER  
CURRENT YEARS TAXABLE VALUES**

December 31, 2005

Taxing Units	Real and Centrally Assessed Values	Real and Centrally Assessed Tax Rates	Taxes Charged	Personal Property Values	Personal Property Tax Rates	Personal Property Taxes Charged	Total Taxes Charged
<b>County Funds:</b>							
General	1,355,855,713	.003601	4,882,436	14,768,785	.003610	53,315	4,935,752
Library	1,355,855,713	.000416	564,036	14,768,785	.000417	6,159	570,195
State Assessing/Collecting	1,355,855,713	.000173	234,563	14,768,785	.000180	2,658	237,221
Local Assessing/Collecting	1,355,855,713	.000226	306,423	14,768,785	.000227	3,353	309,776
<b>Total County Funds</b>			<u>5,987,459</u>			<u>65,485</u>	<u>6,052,944</u>
<b>Emery County School District</b>	1,355,855,713	.006012	<u>8,151,405</u>	14,768,785	.006070	<u>89,647</u>	<u>8,241,051</u>
<b>Cities and Towns:</b>							
Castle Dale	30,121,455	.001811	54,550	2,273,754	.001809	4,113	58,663
Cleveland	7,559,830	.001257	9,503	285,506	.001276	364	9,867
Elmo	5,118,725	.002069	10,591	97,577	.002145	209	10,800
Emery	4,573,547	.002397	10,963	408,335	.002407	983	11,946
Ferron	24,021,655	.002283	54,841	1,020,709	.002284	2,331	57,173
Green River	29,766,188	.000000	-	2,432,023	.000000	-	-
Huntington	31,197,381	.001858	57,965	2,589,798	.001872	4,848	62,813
Orangeville	21,473,172	.002169	46,575	363,982	.002188	796	47,372
Clawson	2,398,303	.000772	1,851	24,353	.000822	20	1,872
<b>Total Cities and Towns</b>			<u>246,839</u>			<u>13,666</u>	<u>260,505</u>
<b>Water Conservancy District</b>	1,320,553,808	.000399	<u>526,901</u>	12,028,934	.000400	<u>4,812</u>	<u>531,713</u>
<b>Castle Valley SSD</b>	884,988,426	.002265	<u>2,004,499</u>	7,064,014	.002359	<u>16,664</u>	<u>2,021,163</u>
<b>Grand County Funds:</b>							
School District Bonds	15,860,008	.001228	19,476	1,386,193	.001330	1,844	21,320
Water Conservancy Bonds	15,860,008	.000109	1,729	1,386,193	.000095	132	1,860
Special Service District Bonds	15,860,008	.000204	3,235	1,386,193	.000221	306	3,542
Grand County Bonds	15,860,008	.000267	4,235	1,386,193	.000297	412	4,646
<b>Total Grand County Funds</b>			<u>28,675</u>			<u>2,693</u>	<u>31,368</u>
<b>GRAND TOTALS</b>			<u>16,945,777</u>			<u>192,966</u>	<u>17,138,743</u>

**EMERY COUNTY  
COUNTY TREASURER  
STATEMENT OF TAXES CHARGED, COLLECTED AND DISBURSED  
CURRENT AND PRIOR YEARS**

December 31, 2005

Current Years Taxes					
TAXING UNITS	Taxes Charged	Treasurer's Relief			Total Treasurer's Relief
		Unpaid Taxes	Abatements	Other	
County Funds:					
General	4,935,752	46,200	35,813	(3,201)	78,812
Emery County Library	570,195	5,337	4,137	(369)	9,105
Flood Control	-	-	-	-	-
Judgment Levy	-	-	-	-	-
Assessing & Collecting - State	237,221	2,220	1,721	(136)	3,805
Assessing & Collecting-County	309,776	2,900	2,248	(200)	4,948
Total County Funds	6,052,944	56,657	43,919	(3,906)	96,670
School Funds:					
School District - Local	5,882,395	55,065	42,685	(3,909)	93,841
School District - State	2,358,656	22,067	17,106	(1,306)	37,867
School Dist. - Judgment Levy	-	-	-	-	-
Total School Funds	8,241,051	77,132	59,791	(5,215)	131,708
Towns:					
Castle Dale	58,663	2,162	1,098	(123)	3,137
Cleveland	9,867	436	326	8	770
Elmo	10,800	1,131	391	-	1,522
Emery	11,946	1,074	637	(6)	1,705
Ferron	57,173	1,954	1,010	(22)	2,942
Green River	-	-	-	-	-
Huntington	62,813	4,577	1,183	(24)	5,736
Orangeville	47,372	1,910	1,072	(53)	2,929
Clawson	1,872	205	41	(1)	245
Total Towns	260,506	13,449	5,758	(221)	18,986
Other:					
Water Conservancy District	531,713	4,218	3,762	(355)	7,625
Water CD - Judgment Levy	-	-	-	-	-
C. V. Special Service District	2,021,163	15,855	18,241	(229)	33,867
C. V. SSD - Judgment Levy	-	-	-	-	-
Total Other	2,552,876	20,073	22,003	(584)	41,492
Grand County Districts:					
School District	21,320	1,025	303	26	1,354
Water Conservancy	1,860	91	27	(6)	112
Special Service District	3,542	170	50	4	224
Grand County	4,646	223	66	8	297
Total Grand County Districts	31,368	1,509	446	32	1,987
GRAND TOTALS	17,138,745	168,820	131,917	(9,894)	290,843

Current Years Taxes		Other Collections				
Taxes Collected	Rate	Fee In Lieu	Miscellaneous Collections	Delinquencies		Total Apportioned
				Tax	Interest/ Penalty	
4,856,940	98.40%	231,352	40,263	51,584	20,065	5,200,204
561,090	98.40%	26,724	148	5,959	350	594,271
-	-	-	-	125	10	135
-	-	-	-	693	77	770
233,416	98.40%	11,536	60	2,587	152	247,751
304,828	98.40%	14,548	80	3,245	191	322,892
5,956,274	98.40%	284,160	40,551	64,193	20,845	6,366,023
5,788,554	98.40%	273,650	54,796	62,429	3,761	6,183,190
2,320,789	98.39%	115,356	612	25,709	1,494	2,463,960
-	-	-	-	938	107	1,045
8,109,343	98.40%	389,006	55,408	89,076	5,362	8,648,195
55,526	94.65%	18,625	379	2,386	124	77,040
9,097	92.20%	7,583	59	333	12	17,084
9,278	85.91%	6,082	56	982	58	16,456
10,241	85.73%	5,749	67	745	49	16,851
54,231	94.85%	19,118	368	2,776	198	76,691
-	-	-	-	-	-	-
57,077	90.87%	20,244	365	4,534	261	82,481
44,443	93.82%	18,737	292	2,337	140	65,949
1,627	86.91%	731	9	266	13	2,646
241,520	92.71%	96,869	1,595	14,359	855	355,198
524,088	98.57%	22,995	3,308	4,782	282	555,455
-	-	-	-	47	5	52
1,987,296	98.32%	118,045	14,227	17,501	1,017	2,138,086
-	-	-	-	90	8	98
2,511,384	98.37%	141,040	17,535	22,420	1,312	2,693,691
19,966	93.65%	(4)	16	135	13	20,126
1,748	93.98%	-	-	10	1	1,759
3,318	93.68%	(1)	-	23	2	3,342
4,349	93.61%	(1)	-	31	3	4,382
29,381	93.67%	(6)	16	199	19	29,609
16,847,902	98.30%	911,069	115,105	190,247	28,393	18,092,716

**EMERY COUNTY  
TAX COLLECTION TRUST FUND  
CASH RECEIPTS AND DISBURSEMENTS**

**For The Year Ended December 31, 2005**

	Treasurer's Balance December 31, 2004	Tax Collection Receipts	Current Taxes Apportioned
<b>Tax Collection Accounts:</b>			
Current Years Taxes	-	16,847,902	(16,847,902)
Fee-In-Lieu	-	911,069	-
Motor Carrier and Courtesy Collection		115,105	-
Redemption of Prior Years Taxes	-	218,640	-
Miscellaneous	511	-	-
Refunds	-	11,475	-
Prepayments	4,546	15,169	-
Interest	7,916	10,734	-
	<u>12,973</u>	<u>18,130,094</u>	<u>(16,847,902)</u>
<b>Total Collections</b>			
	<u>12,973</u>	<u>18,130,094</u>	<u>(16,847,902)</u>
<b>Taxing Units</b>			
<b>County General Fund:</b>			
General	-	-	4,856,940
Library	-	-	561,090
Flood Control	-	-	-
Judgement Levy	-	-	-
Assessing & Collecting - State	-	-	233,416
Assessing & Collecting - County	-	-	304,828
<b>Emery School District</b>	<b>114,936</b>	<b>-</b>	<b>8,109,343</b>
<b>Cities and Towns:</b>			
Castle Dale	2,847	-	55,526
Cleveland	843	-	9,097
Elmo	678	-	9,278
Emery	1,511	-	10,241
Ferron	3,177	-	54,231
Green River	-	-	-
Huntington	5,605	-	57,077
Orangeville	2,149	-	44,443
Clawson	139	-	1,627
<b>Other Districts:</b>			
Water Conservancy District	4,499	-	524,088
C. V. Special Service District	20,687	-	1,987,296
<b>Grand County Districts:</b>			
School District	7,525	-	19,966
Water Conservancy District	538	-	1,748
Special Service District	1,277	-	3,318
Grand County	1,689	-	4,349
	<u>168,100</u>	<u>-</u>	<u>16,847,902</u>
<b>Total Grand County Districts</b>			
	<u>168,100</u>	<u>-</u>	<u>16,847,902</u>
<b>GRAND TOTALS</b>	<u>181,073</u>	<u>18,130,094</u>	<u>-</u>

<u>Fee-In-Lieu Apportioned</u>	<u>Motor Carrier and Miscellaneous</u>	<u>Delinquent Taxes Apportioned</u>	<u>Total</u>	<u>Disbursements</u>	<u>Treasurer's Balance December 31, 2005</u>
-	-	-	-	-	-
(911,069)	-	-	-	-	-
-	(115,105)	-	-	-	-
-	-	(218,640)	-	-	-
-	-	-	511	-	511
-	-	-	11,475	11,475	-
-	-	-	19,715	4,546	15,169
-	-	-	18,650	7,916	10,734
<u>(911,069)</u>	<u>(115,105)</u>	<u>(218,640)</u>	<u>50,351</u>	<u>23,937</u>	<u>26,414</u>
231,352	40,263	71,649	5,200,204	5,200,204	-
26,724	148	6,309	594,271	594,271	-
-	-	135	135	135	-
-	-	770	770	770	-
11,536	60	2,739	247,751	247,751	-
14,548	80	3,436	322,892	322,892	-
389,006	55,408	94,438	8,763,131	8,650,072	113,059
18,625	379	2,510	79,887	78,061	1,826
7,583	59	345	17,927	17,222	705
6,082	56	1,040	17,134	16,335	799
5,749	67	794	18,362	17,417	945
19,118	368	2,974	79,868	77,051	2,817
-	-	-	-	-	-
20,244	365	4,795	88,086	82,864	5,222
18,737	292	2,477	68,098	65,183	2,915
731	9	279	2,785	2,689	96
22,995	3,308	5,116	560,006	553,574	6,432
118,045	14,227	18,616	2,158,871	2,140,747	18,124
(4)	16	148	27,651	26,836	815
-	-	11	2,297	2,225	72
(1)	-	25	4,619	4,484	135
(1)	-	34	6,071	5,894	177
<u>911,069</u>	<u>115,105</u>	<u>218,640</u>	<u>18,260,816</u>	<u>18,106,677</u>	<u>154,139</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>18,311,167</u>	<u>18,130,614</u>	<u>180,553</u>



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is used to assist in formatting, for easier reading)

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## **COMPLIANCE SECTION**

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# *Kimball & Roberts*

*Certified Public Accountants*

*A Professional Corporation*

*Box 663*

*Richfield, Utah 84701*

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## REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

The Honorable Board of County Commissioners  
Emery County  
Castle Dale, Utah 84513

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of Emery County as and for the year ended December 31, 2005, which collectively comprise Emery County's basic financial statements and have issued our report thereon dated May 22, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### Internal Control Over Financial Reporting


In planning and performing our audit, we considered Emery County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Emery County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The Honorable Board of County Commissioners  
Emery County  
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This report is intended solely for the information and use of the audit committee, management, County Commission and is not intended to be and should not be used by anyone other than these specified parties.

  
KIMBALL & ROBERTS, P. C.  
Certified Public Accountants

May 22, 2006  
Richfield, Utah

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## AUDITOR'S REPORT ON STATE LEGAL COMPLIANCE

The Honorable Board of County Commissioners  
Emery County  
Castle Dale, Utah 84513

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of Emery County, for the year ended December 31, 2005, and have issued our report thereon dated May 22, 2006. As part of our audit, we have audited Emery County's compliance with the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort, or earmarking; reporting; special tests and provisions applicable to each of its major State assistance programs as required by the State of Utah Legal Compliance Audit Guide for the year ended December 31, 2005. The County received the following major State assistance programs from the State of Utah:

B Road Funds (Department of Transportation)  
Liquor Law Enforcement (State Tax Commission)

The County also received the following nonmajor grants, which are not required to be audited for specific compliance requirements: (However, these programs were subject to testwork as part of the audit of Emery County's financial statements.)

Emergency Medical Services Grant (Department of Health)  
Repeater (Comprehensive Emergency Management)  
Library Grants (State Library Commission)  
History Grants (Division of Communities and Economic Development)  
Mosquito Grant (Department of Agriculture)  
GIS Mapping (Department of Administrative Services)  
Workforce Services Survey Grant (Department of Workforce Services)  
Drug Court (Department of Health)  
Justice Court (State Courts Division)  
State and Local Assistance (Emergency Services and Homeland Security)

Our audit also included testwork on the County's compliance with those general compliance requirements identified in the State of Utah Legal Compliance Audit Guide, including:

Public Debt  
Cash Management  
Purchasing Requirements  
Budgetary Compliance  
Truth in Taxation & Property Tax Limitations  
Liquor Law Enforcement  
Justice Court  
B & C Road Funds

Other General Issues  
Uniform Building Code Standards  
Statement of Taxes Charged  
Collected & Disbursed  
Assessing and Collecting of  
Property Taxes  
Transient Room Tax

The Honorable Board of County Commissioners  
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The management of Emery County is responsible for the County's compliance with all compliance requirements identified above. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

The results of our audit procedures disclosed no instances of noncompliance with the requirements referred to above.

In our opinion, Emery County, complied, in all material respects, with the general compliance requirements identified above and the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort, or earmarking; reporting; and special tests and provisions that are applicable to its major State assistance programs for the year ended December 31, 2005.

  
KIMBALL & ROBERTS, P. C.  
Certified Public Accountants

May 22, 2006  
Richfield, Utah